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# Ontario Lottery Corporation

107

Government  
Publications

## ANNUAL REPORT 1975-1976

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- A 56





August 25, 1976

The Hon. Robert Welch, Q.C.  
Minister of Culture and Recreation  
6th Floor,  
77 Bloor Street West  
Toronto, Ontario

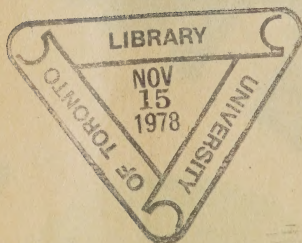
Dear Mr. Welch,

Pursuant to the provisions of the  
Ontario Lottery Corporation Act, I  
have the pleasure of presenting to  
you the first annual report of the  
Ontario Lottery Corporation, for the  
year ending March 31, 1976.

Yours very truly,

*Harry McCulloch*

H. McCulloch, Q.C.  
Chairman of the Board





# Board of Directors

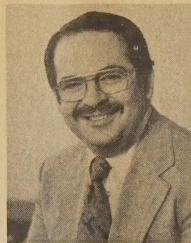
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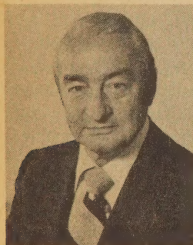
Harvey McCulloch, Q.C.  
Chairman



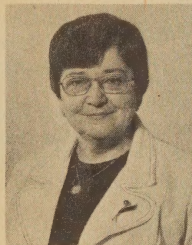
Gisele Richer  
Vice-Chairman



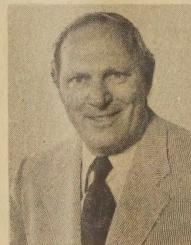
Harold Freeman, C.A.



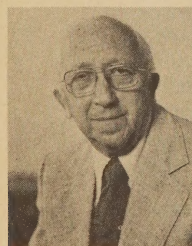
Fern Guindon



Aranka E. Kovacs, Ph.D.



Donald J. MacLean, C.L.U.



Edward Rigby, D.D.



E. Marshall Pollock, Q.C.  
Managing Director

## Board of Directors

### Chairman

Harvey McCulloch, Q.C., Hamilton  
(Feb. 17, 1975 to Feb. 16, 1979)

### Vice-Chairman

Gisele Richer, Rockland  
(Feb. 17, 1975 to Feb. 16, 1978)

### Members:

Harold Freeman, C.A., Toronto  
(Feb. 17, 1975 to Feb. 16, 1977)

Fern Guindon, Cornwall  
(Feb. 17, 1975 to Feb. 16, 1978)

Dr. Aranka E. Kovacs, Windsor  
(Feb. 17, 1975 to Feb. 16, 1977)

Donald J. MacLean, CLU, Toronto  
(Feb. 17, 1976 to Feb. 16, 1979)

E. Marshall Pollock, Q.C., Toronto  
Managing Director

Dr. Edward Rigby, Burlington  
(Feb. 17, 1975 to Feb. 16, 1978)

Rev. Walter F. Maclean, Waterloo  
(Feb. 17, 1975 to Feb. 17, 1976)  
(not shown)

Patrick Mahon, Sault Ste. Marie  
(Feb. 17, 1975 to May 11, 1976)  
(not shown)

## Senior Staff Members

### Managing Director

E. Marshall Pollock, Q.C.

Assistant General Manager, Operations  
D. A. Murray Wilson

Manager, Finance

Adam J. Hawkins, R.I.A.

Supervisor, Prize Office

Marjorie I. Chapman

Manager, Marketing & Sales

J. Michael Holroyde

Manager, Draws & Community Relations

Barbara E. Jesson



# Chairman's Report

The establishment of the Ontario Lottery Corporation in February, 1975 followed three years of research during which many lotteries were studied. We believe that by incorporating some of the best elements from other lotteries as well as implementing some innovative ideas of our own, we have been able to develop a distinct Ontario flavour for Wintario.

Wintario tickets first went on sale on April 17th and the first draw was held on May 15th, 1975.


As an independent crown agency, the Ontario Lottery Corporation manages Ontario's first provincial lottery. The major objective of the Corporation is to conduct an effective and efficient lottery, the proceeds of which would be employed for the benefit of the people of Ontario. Profits are paid into the Consolidated Revenue Fund.

Through the Ministry of Culture and Recreation, all profits from Wintario are distributed in the form of grants to support physical fitness, sports, culture and recreation in Ontario.

Looking back over the Corporation's first year of operations, we do so with considerable pride. Our initial objectives were achieved and our sales and profits substantially exceeded our estimates. The people of Ontario strongly supported the lottery.

A Gallup Poll confirmed that more than 82% of Ontario residents approved of the Government's decision to establish our own lottery. The latest poll reveals that 82% of Ontario households are purchasers of Wintario tickets.

People from all walks of life will continue to benefit, in the years to come, from lottery profits. Whether as prize winners, charitable organizations raising funds by selling Wintario tickets, or communities which have received Wintario grants from the Ministry of Culture and Recreation, the slogan associated with Wintario still holds true: "With Wintario we all win".



Harvey McCulloch Q.C.  
August 25, 1976



# Managing Director's Report

The Ontario Lottery Corporation's first full year of operations which ended March 31, 1976 saw its growth far exceed all initial projections.

By fiscal year end, the level of sales for each draw had reached 6.21 million tickets, almost three times that of the first draw — 2.16 million tickets. Close to \$100 million in ticket sales were generated — more than double our original, and now apparently modest, estimates.

The Consolidated Revenue Fund of Ontario received \$42 million in Ontario Lottery Corporation profits. The Ministry of Culture and Recreation, by fiscal year end, had committed \$26 million of that to assist over a thousand cultural, sports, recreational and fitness projects.

Through the year, the Ontario Lottery Corporation responded to public suggestions for improvements to the Wintario lottery and a variety of innovations were introduced. The game has evolved from one ticket number with a single \$100,000 grand prize to one featuring five winning numbers and five \$100,000 prizes. Regular live telecasting of draws also began last October.

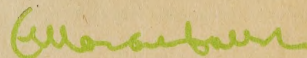
While we communicate to the public through our advertising and our more than 18,000 retailers, we have also developed a corporate publication called the "Wintario News". It has a circulation of 750,000 and reports changes and developments in Wintario.

New developments for 1976-77 will include an expansion of the existing network of 37 distribution territories to 46 to ensure maximum market penetration. Distributors for the nine new areas will be selected from the more than 2,000 applications the Corporation has on its constantly updated file.

Wintario will continue in the same successful format: \$1 per ticket with a draw every two weeks. However, a new exciting member to the Lottery Corporation family has been announced. In response to public demand, a new, bi-monthly, million dollar lottery called "The Provincial" will be introduced in the fall.

The \$5 "Provincial" tickets will go on sale Labour Day and the first draw will be on Halloween, October 31st, 1976. Subsequent draws will be held every two months, usually in conjunction with a special occasion such as New Year's Eve and Valentine's Day. All profits will be directed towards medical research and health related environmental programs in Ontario.

Our first year has been a good one and I want to formally thank all of the 48 staff members of the Corporation for their outstanding efforts and, on their behalf, convey our appreciation to the public for its enthusiastic support of Wintario.



E. Marshall Pollock, Q.C.  
August 25, 1976



# Have Lottery... Will Travel

Canadian TV personality, Fred Davis, has travelled more than 3500 miles since he has been television host of Wintario draws.

"In fact," says Fred, "I'm learning more about my own province with every new place the Wintario show visits."

Since Wintario began in May, 1975, more than 34 Ontario towns and cities have played host to the draws.

"Each draw is held in conjunction with a local cultural or recreational

event. We've visited an arts festival in Sault Ste. Marie, Oktoberfest in Kitchener, the Timmins Winter Carnival and Séance de Mime à l'Université Carleton. We have also shared the stage with the London Symphony Youth Orchestra and participated in an Open House at the Royal Ontario Museum in Toronto," commented Fred.

The travelling show, which has covered 6500 miles, allows all Ontario residents the opportunity to join in or observe the lottery. Barbara

Jesson, Manager of Draws and Community Relations, welcomes applications from communities wishing to host Wintario draws, but cautions that with so much interest and only 26 draws per year there are bound to be some disappointments.

Whether they're part of the live television audience enjoying the local fun, or just watching at home, everyone agrees that Wintario is truly "Ontario's own lottery".

## ● Draw sites May 15, 1975 to April 1, 1976

1. Toronto May 15  
Ontario Science Centre
2. Plantagenet May 29  
Le Festival Populaire des Arts
3. Wallaceburg June 12  
Wallaceburg Centennial
4. Bracebridge June 26  
Centennial
5. Oakville July 10  
The Downtown Mall
6. St. Catharines July 24  
Kiwanis Horse Show
7. Kakabeka Falls Aug. 7  
Peewee Fastball Tournament
8. Kenora Aug. 21  
Country Festival
9. Beamsville Sept. 4  
Lincoln County Fall Fair
10. Woodstock Sept. 18  
Royal Canadian Legion
11. Sault Ste. Marie Oct. 2  
Arts Festival
12. Kitchener Oct. 16  
Oktoberfest
13. Peterborough Oct. 30  
Junior 'A' Hockey Game
14. Scarborough Nov. 13  
Scarborough Civic Centre
15. Ottawa Nov. 27  
Séance de Mime à l'Université Carleton
16. Windsor Dec. 11  
St. Clair Community College  
International Coffee House
17. Etobicoke Dec. 25  
125th Anniversary
18. Brockville Jan. 8  
Opening of Civic Centre
19. Stratford Jan. 22  
Festival Theatre
20. North Bay Feb. 5  
Preview 76

21. Timmins Feb. 19  
Winter Carnival
22. Barrie Mar. 4  
Friends of the Firehall
23. Toronto Mar. 18  
ROM Open House
24. Mississauga Apr. 1  
Sports Week

## ▲ Draw sites April 15 to August 19, 1976

25. London Apr. 15  
London Centennial Hall
26. Chatham April 29  
Thames Art Centre
27. Niagara Falls May 13  
Niagara Blossom Festival
28. Toronto May 27  
Ontario Place Forum
29. Brampton June 10  
Brampton Flower Festival
30. Hamilton June 24  
Mohawk College Theatre
31. Brantford July 8  
Brantford Highland Games
32. Smiths Falls July 22  
Old Home Week
33. Brighton Aug. 5  
2nd Annual Ontario Fastball  
Tournament
34. Thunder Bay Aug. 19  
Da Vinci Centre

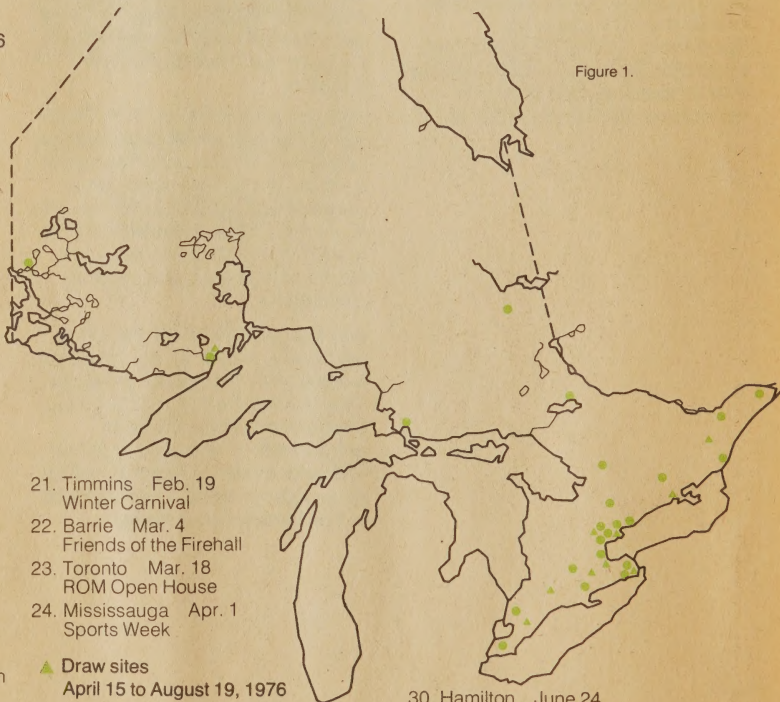


Figure 1.



# Wintario TV Show Rated Tops

What do the Wintario TV show and "All in the Family" have in common? The answer: top ratings.

Translated into viewer numbers that means that more than 1.3 million Ontario residents tune in every other Thursday at 9:00 p.m. to join in the fun of a live Wintario draw.

The half-hour program, broadcast live from a different Wintario draw location each time, features Fred Davis and Faye Dance.

In Southern Ontario draws may be seen on the Global TV Network, and in Northern Ontario on CJIC Sault Ste. Marie, CKNC Sudbury, CFCL Timmins, CHNB North Bay and CHFD Thunder Bay. CFVO Ottawa/Hull recaps draw results in French and a special three station radio network provides results to Kenora, Dryden and Fort Frances in Ontario's North-west.

*Standing in front of the Ryo-Catteau machines used in the Wintario draw are two Davis's who are very important to the lottery — host, Fred Davis and Premier William Davis who welcomed Wintario to Brampton.*



# Identifying prize winners

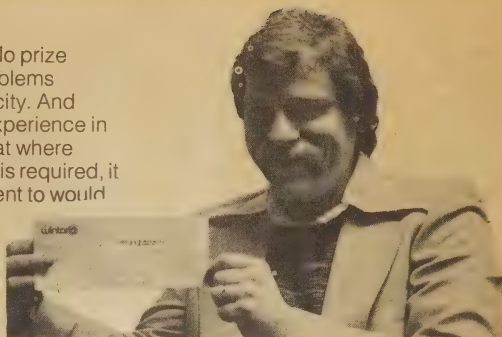
Marge Chapman can honestly say she gives thousands of dollars away every day.

Along with her staff of 12, Mrs. Chapman, supervisor of the Wintario Prize Office, is responsible for authenticating winning tickets, checking winners' identification and, of course, handing over the prize cheques.

"Some prize winners have asked why the Lottery Regulations give the Corporation the right to publish their name, address or photograph," says Mrs. Chapman.

"The Corporation feels that it is essential to the integrity of the lottery that all of the players as well as the public know that there actually are winners in every draw," Mrs. Chapman said. "In this way," she adds, "every aspect of the lottery operation from ticket sale right through to the selection of the winning numbers and the payment of prize money is completely open to public scrutiny."

Says Mrs. Chapman, "No prize winner has had any problems resulting from the publicity. And interestingly enough, experience in other lotteries shows that where identification of winners is required, it acts as a natural deterrent to would be counterfeiters."



*Rudolph Honig, a Whitby resident, was a lucky \$10,000 Wintario prize winner.*



*Donna and Wayne Job, shown above with 4-year-old Bradley, used their \$10,000 Wintario prize to renovate their home in Hamilton.*

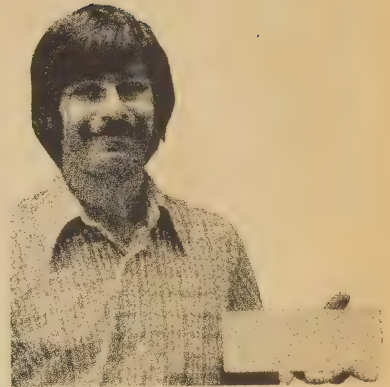


*Mrs. Edna Melo, centre, holds a \$10,000 Wintario cheque while son Carlos, left, and husband Adriano congratulate her. The Scarborough family used the money to pay off their second mortgage.*





Robert Turgeon and Christine Barnes, both of North Bay, shared the \$100,000 prize in the October 16, 1975 Wintario draw.



Paul Wochesen, a St. Catharines resident, wasn't positive what he would do with his \$10,000 Wintario prize — but he was sure he would find a useful way to spend it.

### Prize Office Report (As of August 31, 1976)

Draw Date	No. of Series Issued	No. of Prizes Available	Prize Money	
			Value Deposited	Percent Paid Out
May 15, 1975	24	2,160	\$ 716,400	95.81%
May 29, 1975	42	3,780	1,276,200	89.12%
June 12, 1975	48	4,320	1,432,800	66.16%
June 26, 1975	42	3,780	1,276,200	77.90%
July 10, 1975	36	3,240	1,119,600	80.16%
July 24, 1975	36	3,240	1,119,600	82.77%
August 7, 1975	36	3,240	1,119,600	71.95%
August 21, 1975	36	3,240	1,119,600	81.65%
September 4, 1975	36	3,240	1,119,600	70.59%
September 18, 1975	36	3,240	1,119,600	78.94%
October 2, 1975	42	15,120	1,342,000	91.27%
October 16, 1975	44	15,840	1,397,000	94.07%
October 30, 1975	48	17,280	1,507,000	91.41%
November 13, 1975	48	17,280	1,507,000	94.55%
November 27, 1975	50	18,000	1,562,000	94.31%
December 11, 1975	52	18,720	1,617,000	93.21%
December 26, 1975	60	21,600	1,937,000	94.94%
January 8, 1976	54	19,440	1,772,000	93.75%
January 22, 1976	60	21,600	1,937,000	88.63%
February 5, 1976	60	21,600	1,937,000	95.73%
February 19, 1976	60	21,600	1,937,000	96.94%
March 4, 1976	62	22,320	1,992,000	97.04%
March 18, 1976	64	23,040	2,047,000	96.18%
April 1, 1976	69	24,840	2,184,500	94.48%

# 6 million tickets sold every 2 weeks

Making sure that over six million Wintario tickets reach Ontario consumers every two weeks is no mean feat.

Proving it's entirely possible is the Ontario Lottery Corporation's smoothly operating system consisting of 37 distributors. The responsibility of each distributor is the development of between 400 and 500 retail outlets and running an efficient sales and office staff.

Says Ontario Lottery Corporation Sales Manager, Mike Holroyde, "One of the major factors contributing to the success of Wintario has been the enthusiastic retailer support."

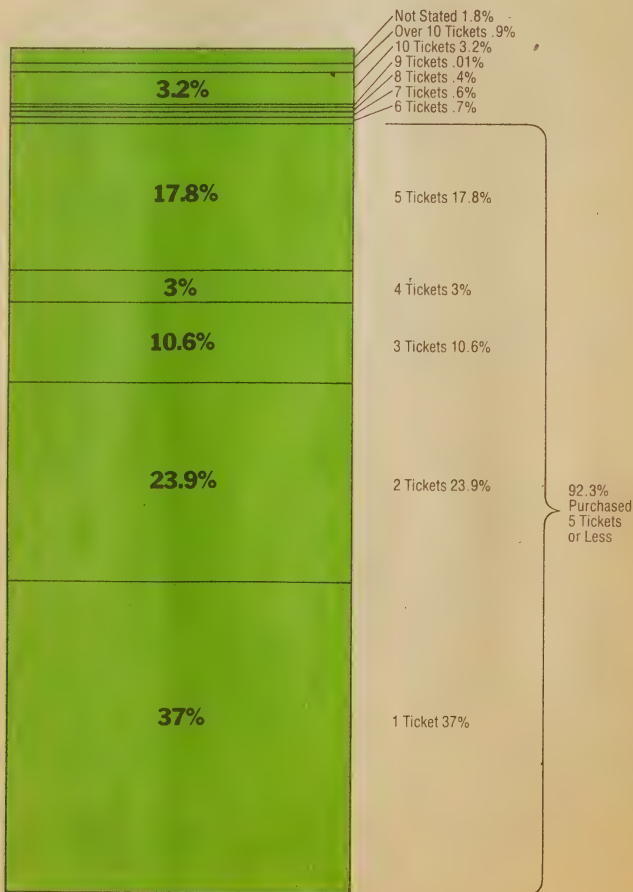
To prove the point, when Wintario first began, there were 6,810 retailers on board. Now one year later there are more than 18,000 in locations such as trust companies, cigar stores, newsstands, variety stores, gas stations, dry cleaners, milk stores,

grocery stores, restaurants — almost everywhere. In addition, charitable organizations across the province raise funds for their worthwhile causes by acting as regular Wintario retailers.

## How many tickets do individuals purchase?

A Gallup Poll conducted in February, 1976 indicates that most players (37%) currently buy only one ticket each draw, and a further 24% buy two. As can be seen from Figure 2, 92.3% of all purchases are of 5 tickets or less.

Figure 2.



Source: Gallup Poll Feb. 1976



## List of Distributors

Name	Date of Appointment	Location	Name	Date of Appointment	Location
Sport Ontario*	April, 1975	1 Metro Toronto	Al Wiggan	April, 1975	16 Metro Toronto
Bruce Campbell*	April, 1975	3 Metro Toronto	Gary Adams*	April, 1975	32 Windsor
Albert Ballingall* <sup>1</sup>	April, 1975	4 Metro Toronto	Richard Bowes	April, 1975	33 Harriston
Walter Sarachman*	April, 1975	6 Metro Toronto	John Troy	April, 1975	35 Dundas
Jerry Goldberg*	April, 1975	8 Metro Toronto	Bill Gadd	April, 1975	36 Oshawa
John Bradley* <sup>1</sup>	April, 1975	9 Metro Toronto	George Van Wallegghem	April, 1975	38 Kenora
Ernie Priess*	April, 1975	10 Mississauga	Bob Simpson	July, 1975	31 North Bay
Brian Gibb*	April, 1975	12 Windsor	Robert Nott	July, 1975	29 Sudbury
Norm Ballingall*	April, 1975	13 London	Jerry Appleby	July, 1976	2 Metro Toronto
Ray Bowes*	April, 1975	15 Barrie	Mike Preston	July, 1976	4 Metro Toronto
Fred Ginn*	April, 1975	17 Waterloo	Barney Colvey	July, 1976	11 Metro Toronto
John Howe*	April, 1975	19 Niagara Falls	Nick Siozou	July, 1976	18 Metro Toronto
Phil Barrs*	April, 1975	20 Hamilton	Danny Linehan	July, 1976	9 Metro Toronto
Alexandra Furlani*	April, 1975	22 Metro Toronto	Arthur Turner	July, 1976	34 Paris
Herbert Chipps*	April, 1975	24 Belleville	John Grineau	August, 1976	32 Leamington
Woody Howard*	April, 1975	23 Peterborough			
Fern Messier*	April, 1975	26 Ottawa			
Bernard Roy*	April, 1975	27 Cornwall			
Camille de la Plante*	April, 1975	28 Timmins			
Jean Paul Lebel* <sup>2</sup>	April, 1975	29 Sudbury			
Michele Wyleki*	April, 1975	30 Thunder Bay			
Marie Leon* <sup>1</sup>	April, 1975	2 Metro Toronto			
Wilbert Ardell* <sup>1</sup>	April, 1975	11 Metro Toronto			
Gordon Dean*	April, 1975	14 London			
Ray Vandette* <sup>1</sup>	April, 1975	18 Metro Toronto			
John Tait*	April, 1975	21 Oakville			
Leo Croteau*	April, 1975	25 Ottawa			
Don Macpherson* <sup>3</sup>	April, 1975	34 Paris			
Jules Diamond	April, 1975	5 Metro Toronto			
Paul Welsh	April, 1975	7 Metro Toronto			

\* Originally appointed by Olympic Lottery

1. These distributors resigned in April of 1976 and were replaced by Messrs. Preston (4), Linehan (9), Appleby (2), Colvey (11) and Siozou (18).

2. When this distributor resigned in May of 1975, the territory was divided and Messrs. Nott (29) and Simpson (31) appointed.

3. The services of this distributor were terminated in April of 1976 and he was replaced by Mr. Turner (34).

4. This distributor resigned in May of 1976 and was replaced by Mr. Grineau (32).



George Stewart, shown above in his Union Station kiosk, is one of 18,000 Wintario ticket retailers in Ontario.

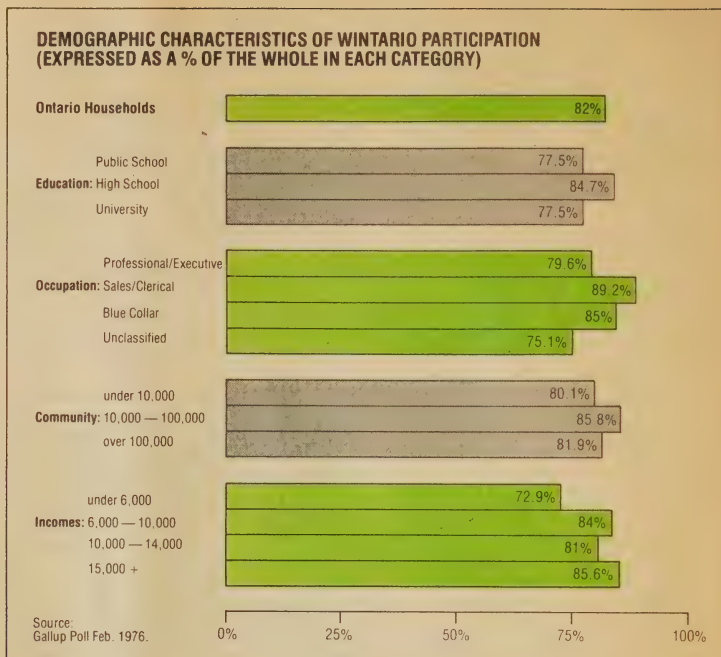


Olga Kazilo, a Toronto retailer, was able to take advantage of the warm summer weather while selling tickets at the corner of Bay and Bloor.

## Who Participates?

According to the same Gallup Poll (February 1976,) 82% of all Ontario households participate in the Wintario game. The broad cross-sectional appeal of Wintario is evidenced in the graph (Figure 3) which shows that participation cuts across every socio-economic group in the province.

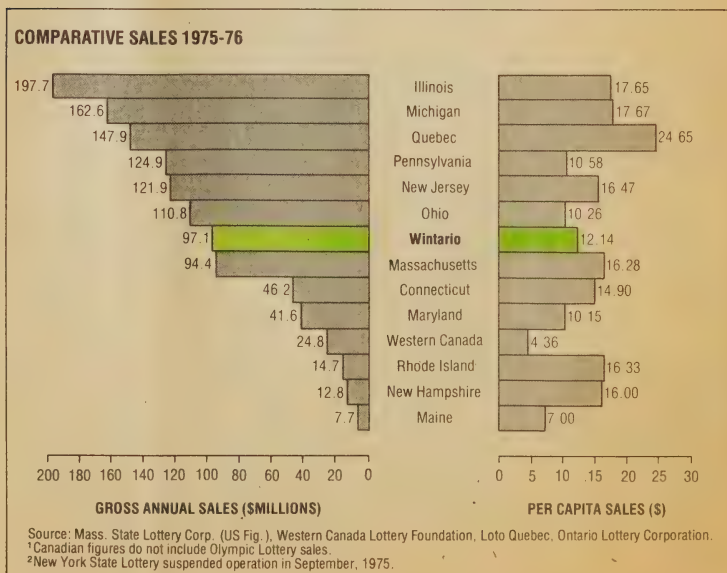
Figure 3.



## How do Wintario sales compare with other North American Lotteries?

First year Wintario sales (only 24 draws) compare very favourably with other North American lotteries. The New Hampshire lottery was established in 1964; Quebec, 1970; New Jersey, 1971; Michigan, 1972; Pennsylvania, 1972; Massachusetts, 1972; Connecticut, 1972; Maryland, 1973; Illinois, 1974; Ohio, 1974; Western Canada, 1974; Rhode Island, 1974; Maine, 1974; and Ontario, 1975.

Figure 4.

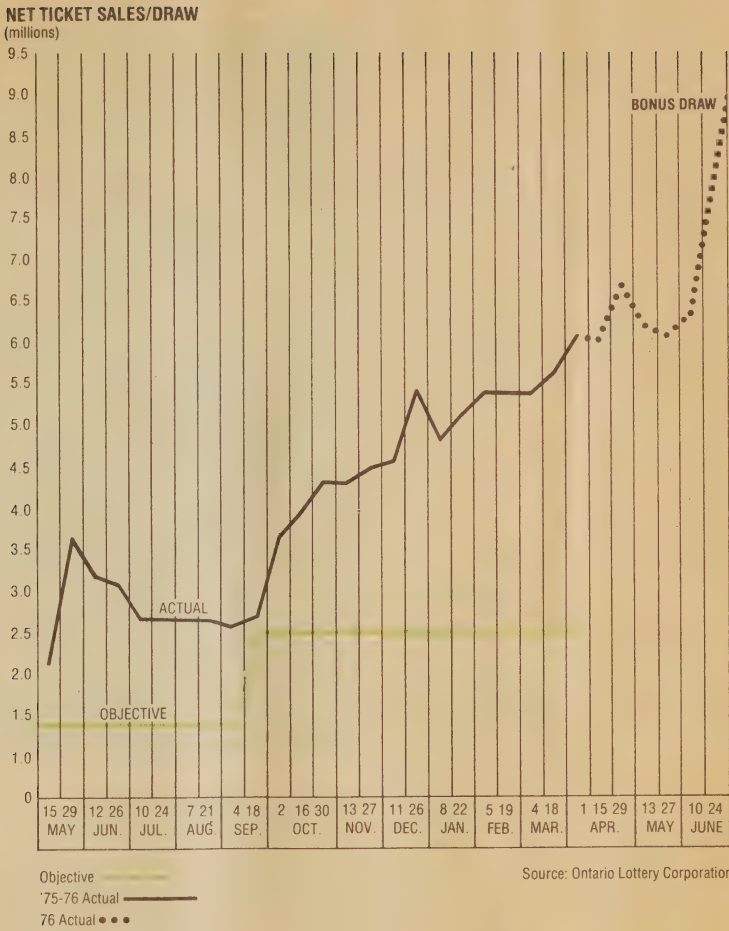




# Wintario sales in our first year

Sales showed a steady and impressive growth far above our objectives for our first year (ending March 31). The upward trend continues into our second year.

Figure 5.



# Where a Wintario dollar goes

Figure 6.



Every Wintario dollar can be divided into five segments: retailers commissions, distributors commissions, operating expenses, prizes and profits.

## Retailers Commissions

Retailers of Wintario lottery tickets — including trust companies, cigar stores, newsstands, local variety stores, individual retailers and hundreds of charitable and non-profit organizations — receive a commission of 8¢ for every ticket they sell.

In addition, charitable organizations may earn an extra commission as "special vendors" to aid their fund raising. This special status is restricted to two consecutive draws (plus future options) to ensure maximum participation by as many groups as possible. Most charitable and non-profit organizations who do participate find it more profitable to do so as regular Wintario retailers.

## Distributors Commissions

When Wintario began, distributors were allowed a gross commission of 7¢ per ticket sold since, as with any new enterprise, there were significant start-up and organizational expenses in addition to the regular costs of operation such as rent, office equipment, sales and administrative salaries, insurance, bonding and interest charges. This commission included a 1/2¢ allowance to be used for local advertising and promotion.

In July, 1975 as ticket sales increased and distributor expenses levelled out, gross commissions were reduced to a sliding scale





*On August 19th, 1975 a cheque for \$6 million, representing Wintario's net profits for its first 3 months of operation, was presented to the Hon. Robert Welch, Q.C., Minister of Culture and Recreation by Mr. Harvey McCulloch, Q.C., Chairman of the Ontario Lottery Corporation.*

averaging 4 cents per ticket. With the continued increase in sales, further changes were introduced in May, 1976 reducing gross commissions to 2½¢ per ticket on the first 100,000 tickets sold and 2¢ per ticket thereafter.

## Operational Expenses

A total of 6¢ from every dollar pays for the costs of operating the lottery. Advertising and promotion accounts for about 2.3¢ of this, ticket printing, packaging and manufacturing for

about 1.6¢, and administration, including staff salaries, benefits, transportation, fixed assets, supplies, equipment, services and accommodation, for approximately 2.1¢, for a total of 6¢.

## Prizes

Between 38 and 40 cents of your dollar goes towards prizes in Wintario draws.

In draws held during our first full year of operation, \$36.1 million in prize money was available to 311,760 possible winners.

## Profits

By the fiscal year end (March 31, 1976), 42 million dollars had been deposited into the Consolidated Revenue Fund of Ontario. That's an average of between 40 to 43 cents of every dollar. Distribution of the proceeds takes the form of grants by the Ministry of Culture and Recreation, to organizations involved in the arts, sports and fitness, multicultural activities, heritage conservation fields and to public libraries.

# Ontario Lottery Corporation

Incorporated without share capital under The Ontario  
Lottery Corporation Act, 1974

## Balance Sheet

as at March 31, 1976

### Assets

	1976 \$	1975 \$
Current assets		
Cash	5,372,514	381,899
Prize funds	6,384,100	—
Accrued interest receivable	104,315	670
Accounts receivable	13,080	5,505
Prepaid expenses	93,188	232,321
Deposits	—	31,341
	<u>11,967,197</u>	<u>651,736</u>
Organization expense — at cost	—	11,302
	<u>11,967,197</u>	<u>663,038</u>

### Liabilities

Current liabilities		
Prize money unclaimed	6,384,100	—
Net profit due to the Treasurer of Ontario (note 1b)	1,289,085	(25,808)
Advances from the Treasurer of Ontario	—	300,000
Accounts payable and accrued liabilities	464,271	336,148
Deferred income (note 1a)	3,829,741	52,698
	<u>11,967,197</u>	<u>663,038</u>

See accompanying notes to financial statements.

On behalf of the  
Board of Directors:

Director

Director



# Statement of Operations

for the year ended March 31, 1976

	1976 \$	(note 2) 1975 \$
Lottery ticket sales	97,137,440	
Less Commissions: Distributors	4,639,026	
Retailers	7,770,995	
	12,410,021	
Net ticket sales	84,727,419	
Prizes	36,094,700	
Operating Expenses		
Advertising	2,315,853	752
Ticket printing	1,606,748	
Administration	2,036,792	25,636
Bonuses to retailers (note 1d)	118,250	
	6,077,643	26,388
Total expenses	42,172,343	26,388
Operating income (loss)	42,555,076	(26,388)
Interest income	759,817	580
Net profit (loss) for the year	43,314,893	(25,808)

See accompanying notes to financial statements.

# Ontario Lottery Corporation

## Statement of Net Profit

Due to the Treasurer of Ontario for  
the year ended March 31, 1976

	1976 \$	(note 2) 1975 \$
Balance, beginning of year	(25,808)	—
Add: Net profit (loss) for the year	<u>43,314,893</u>	<u>(25,808)</u>
	43,289,085	(25,808)
Deduct: Payments to the Treasurer of Ontario on account of net profit (note 1b)	<u>42,000,000</u>	—
Balance, end of year	<u>1,289,085</u>	<u>(25,808)</u>

See accompanying notes to financial statements.



Office of  
Provincial  
Auditor.

To the Board of Directors of the  
Ontario Lottery Corporation and to  
the Minister of Culture and  
Recreation

I have examined the balance  
sheet of the Ontario Lottery  
Corporation as at March 31, 1976  
and the statements of operations and  
net profit due to the Treasurer of  
Ontario for the year then ended. My  
examination included a general  
review of the accounting procedures  
and such tests of accounting records  
and other supporting evidence as I  
considered necessary in the  
circumstances.

In my opinion these financial  
statements present fairly the financial  
position of the Corporation as at  
March 31, 1976 and the results of its

operations for the year then ended, in  
accordance with generally accepted  
accounting principles applied on a  
basis consistent with that of the  
preceding period.

A report on the audit has been made  
to the Corporation and to the  
Minister.

F. N. Scott, C.A.,  
Provincial Auditor.

Toronto, Ontario,  
July 30, 1976.



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# Notes to Financial Statements

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March 31, 1976

## 1. Accounting Policies

### (a) Operations

All income and expenses related to the 24 bi-weekly lotteries held from May 15, 1975 to April 1, 1976 inclusive are included in the statement of operations. Net receipts from the sale of tickets for the lottery held on April 15, 1976 have been treated as deferred income.

### (b) Net profits

Pursuant to section 9 of The Ontario Lottery Act, 1974, the net profits of the Corporation, after provision for prizes and the payment of expenses of operations, are paid into the Consolidated Revenue Fund of the Province of Ontario.

### (c) Fixed assets

Fixed asset purchases are written off to operations at the time of acquisition.

### (d) Bonuses to Retailers

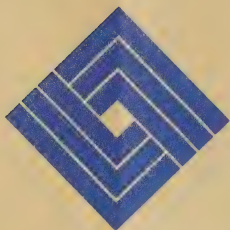
Retailers who sell the winning tickets for prizes of \$10,000 or more are paid a bonus of 1 per cent.

## 2. Comparative Figures

Comparative figures for 1975 are for the period from inception on February 6, 1975 to March 31, 1975 and have been reclassified where necessary to conform to 1976 presentation.

## 3. Anti-inflation Legislation

Pursuant to the terms of an agreement between the Province of Ontario and the Government of Canada, the Corporation is subject to controls on compensation instituted by the Government of Canada in the Anti-Inflation Act, effective October 14, 1975.



The Ontario Lottery Corporation is a Crown Corporation established on February 7, 1975 by an Act of the Ontario Legislature to develop and manage lotteries within the Province.

Through the Ministry of Culture and Recreation, funds from the Lottery are used to promote physical fitness, sports and cultural activities, so that each and every one of us can get more out of life. That is why we say "With Wintario we all win".

The symbol of the Corporation is a stylized combination of the letter "O" for Ontario and the letter "L" for Lottery. Together they are descriptive of the Ontario Lottery Corporation and its efforts to enable Ontarians to participate in the fun and excitement of a provincial lottery, while at the same time, helping in the development of more recreational and cultural opportunities across the Province.



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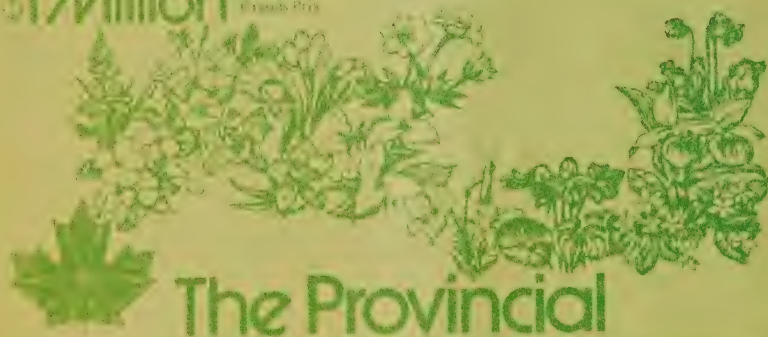
156

# Ontario Lottery Corporation Annual Report 1976/77



\$1 Million Grand Prize

\$5.



September 30, 1977

The Honourable  
Robert Welch, Q.C.  
Minister of Culture and Recreation  
6th Floor  
77 Bloor Street West  
Toronto, Ontario

Dear Mr. Welch,

Pursuant to the provisions of the Ontario Lottery Corporation Act, I have the pleasure of presenting to you the second annual report of the Ontario Lottery Corporation, for the year ending March 31, 1977.

Yours very truly,

A handwritten signature in blue ink, appearing to read "Harry McCulloch", written in a cursive style.

H. McCulloch, Q.C.  
Chairman of the Board



# Board of Directors



Harvey McCulloch, Q.C.  
Chairman



Gisele Richer  
Vice-Chairman



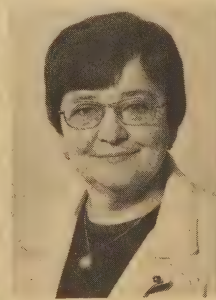
J. Gilbert Bowness



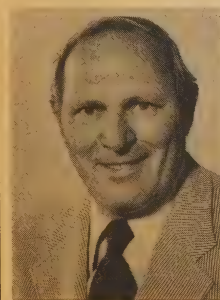
Harold Freeman, C.A.



Fern Guindon



Aranka E. Kovacs, Ph.D.



Donald J. MacLean, C.L.U.



Edward Rigby, D.D.



E. Marshall Pollock, Q.C.  
Managing Director

## Board of Directors

### Chairman

Harvey McCulloch, Q.C.,  
Hamilton  
(Feb. 17, 1975 to Feb. 16, 1979)

### Vice-Chairman

Gisele Richer, Rockland  
(Feb. 17, 1975 to Feb. 16, 1978)

### Members:

J. Gilbert Bowness, North Bay  
(Sept. 30, 1976 to Sept. 29, 1979)

Harold Freeman, C.A., Toronto  
(Feb. 17, 1975 to Feb. 16, 1980)

Fern Guindon, Cornwall  
(Feb. 17, 1975 to Feb. 16, 1978)

Dr. Aranka E. Kovacs, Windsor  
(Feb. 17, 1975 to Feb. 16, 1980)

Donald J. MacLean, CLU, Toronto  
(Feb. 17, 1976 to Feb. 16, 1979)

Dr. Edward Rigby, Burlington  
(Feb. 17, 1975 to Feb. 16, 1978)

E. Marshall Pollock, Q.C., Toronto  
Managing Director

## Senior Staff Members

### Managing Director

E. Marshall Pollock, Q.C.

Manager, Distribution & Sales

J. Michael Holroyde

Manager, Draws & Community  
Relations

Barbara E. Jesson

Manager, Finance

& Administration

Adam J. Hawkins, R.I.A.

# The Chairman's Report

The Ontario Lottery Corporation in its second year of operation continued to meet the objectives for which it was established — the raising of public revenue for a variety of worthwhile purposes in Ontario.

This year Wintario produced profits of \$77.1 million on sales of \$168.4 million, bringing the total contribution of the Corporation to physical fitness, sports and recreational projects and activities to \$118 million in two years.

The launch of the Provincial in September 1976 presented us with an exciting opportunity to demonstrate interprovincial co-operation in a joint lottery venture. An outgrowth of many months of discussions among all of the provinces, the Provincial was designed to offer a million-dollar alternative to Wintario and raise public revenues for a variety of worthwhile projects in each of the participating provinces. In its first partial year of operation, the Provincial yielded proceeds of \$15.7 million in Ontario which will be used to support health research and health-related environmental projects here.

The enthusiastic support given Wintario and the Provincial by Ontario residents is a clear indication of their confidence in the operational integrity of the Corporation and has allowed us, through the Ministry of Culture and Recreation and the Ministries of Health, Environment and Labour, to make available more than \$92 million this year to a wide variety of worthwhile projects which have contributed directly to the overall quality of life within the Province.

At the same time, the Corporation's activities have contributed to the enhancement of the economic climate of the province in other ways. This year more than 21,000 regular and charitable retailers have earned almost \$16 million in commissions from the sale of Wintario and Provincial lottery tickets and 821,572 winners have shared more than \$85 million in prize money.

Just another reason why we say, "We all Win."



Harvey McCulloch, Q.C.  
September 30, 1977



# The Managing Director's Report

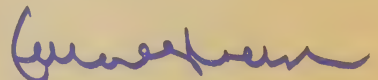
Last year was one of significant growth for the Ontario Lottery Corporation with Wintario and Provincial sales totalling \$218.8 million.

Wintario has continued to be the most successful lottery of its kind in North America with sales and profits dramatically up by 73.3 percent and 77.9 percent, respectively, over last year. During the same period, operational costs (advertising, ticket printing and packaging, general administration, etc.) were reduced from 6.3 percent of sales in 1975-76 to 4.5 percent in 1976-77.

Contributing to the continuing popularity, which saw Wintario reach 86 percent of Ontario households, was the expansion of the prize structure to five grand prizes of \$100,000 each. Special million-dollar bonus draws held in conjunction with regular Wintario draws were another feature which the public found very attractive. These bonus draws are a development of the Corporation's prize dedication policy which ensures that all unclaimed prize money is returned to the participants in subsequent draws.

Midyear, we broadened the base of our enterprise with the introduction of the Provincial, a \$5 per ticket, bimonthly, millionaire lottery. Operated under the aegis of the Interprovincial Lottery Corporation, the Provincial is a joint venture of the provinces of Ontario, Manitoba, Saskatchewan, Alberta and British Columbia. Provincial tickets are distributed and sold in Ontario by the Ontario Lottery Corporation and by the Western Canada Lottery Foundation in western Canada. By March 31, 1977, ticket sales of the Provincial in Ontario had exceeded \$50 million.

Next year, with the doubling of the number of Wintario prizes by the introduction of "Win'fall" prizes in the spring (June 23, 1977) and the expansion of the Provincial to a new monthly format in the fall, we foresee a year at least as innovative and challenging as the one just completed. A challenge that all of us in the Corporation will try to meet with a vigour and enthusiasm reflective of the broad base of public support from all across Ontario.



E. Marshall Pollock, Q.C.  
September 30, 1977

# On the Road

Wintario television hosts Fred Davis and Faye Dance visited 26 Ontario communities last year. From Sarnia to Cornwall to Kirkland Lake, Wintario has been part of a variety of community events — everything from music festivals and centennial celebrations to international ploughing matches.

Running the largest, regularly scheduled, travelling, live T.V. show in North America isn't easy. But, as Fred Davis says, "There's a different kind of excitement in each community that we visit. The fact that this is one of the few things left in television today that is actually done *live* certainly adds to that excitement, especially when we're depending on random chance to produce those winning numbers."

Over 40,000 people have attended the live draws and T.V. ratings indicate that the Wintario show is a crowd pleaser — about a million people tune in every draw to watch the winning numbers drawn.

A variety of factors enter into the selection of draw sites: geographic location, the type of community activities involved and the ability of the site itself to be adapted to the television setting. Some sites, like Owen Sound, present special difficulties. There, because of the terrain, Telesat, Canada's Transportable Satellite Earth station, orbiting 22,300 miles above the earth, had to be employed to relay the T.V. signal from the draw site some 36 miles down the road to the nearest microwave transmission centre.

Occurrences like the pre-show power failure in North Bay or being snowed-in in Kirkland Lake present challenges. When Provincial and Wintario draws are back to back, schedules are even more hectic. "But so far," says Ontario Lottery Corporation Managing Director, Marshall Pollock, "there hasn't been anything we couldn't handle with a little bit of our own brand of luck."

*Since May 15, 1975, Manager of Draws and Community Relations, Barbara Jesson, shown here on the set of the Wintario draw with hosts Fred Davis and Faye Dance, has travelled over 19,000 miles — to almost every county and district in Ontario.*



Since our last report, Wintario has visited the following locations:

## 1976

- ☐ Toronto—September 2  
Canadian National Exhibition
- ☐ St. Catharines—September 16  
St. Catharines Centennial
- ☐ Walkerton—September 30  
International Ploughing Match
- ☐ Tillsonburg—October 14  
Tillsonburg Community Complex
- ☐ Sudbury—October 28  
Association of Canadian Travellers  
Variety show, Sudbury Arena
- ☐ Cornwall—November 11  
Cornwall Civic Complex
- ☐ Pembroke—November 25  
Variety Show, Upper Ottawa Exhibition  
Association, Champlain High School
- ☐ Sarnia—December 9  
Sarnia Collegiate Institute & Technical  
School
- ☐ Sunnybrook Medical Centre—  
December 26  
Boxing Day Celebrations





#### 1977

- Kingston—January 6  
Reopening of the Grand Theatre
- Owen Sound—January 20  
Owen Sound Winter Carnival
- Bowmanville—February 3  
Jaycees Variety Show, Bowmanville High School
- Orangeville—February 17  
Sno-Brr-Fest
- Kirkland Lake—March 3  
Kirkland Lake Winter Carnival
- Guelph—March 17  
150th Anniversary
- Toronto—March 31  
Humber College Open House
- Belleville—April 14  
Quinte Arts Festival
- Waterloo—April 28  
Kiwanis Music Festival
- Prescott—May 12  
Kinsmen Club Variety Show, South Grenville District High School
- Georgetown—May 26  
Variety Show, Georgetown Memorial Arena
- Penetanguishene—June 9  
Chamber of Commerce Variety Show, Penetanguishene Curling & Community Centre
- Mount Forest—June 23  
Old Home Week
- Goderich—July 7  
Jubilee Three Celebration
- Welland—July 21  
Rose Festival
- Cobalt—August 4  
Miners' Festival
- Ottawa—August 18  
Central Canada Exhibition

# The Newest Game in Town

On May 10, 1976, the Honourable Robert Welch, Minister of Culture and Recreation, declared Ontario's intention to participate in a millionaire lottery after the expiry of the Province's agreement with the Olympic Lottery in August. Details of the new lottery, announced in July, included a \$5 format which offered five chances to win a million dollars and five chances to win a quarter of a million dollars as well as thousands of other prizes.

On September 3, 1976, British Columbia, Saskatchewan, and Manitoba joined Ontario in this joint venture. Alberta joined in November.

Organized under the aegis of the Interprovincial Lottery Corporation in which the five participating provinces are shareholders, the Provincial is marketed in the western provinces by the Western Canada Lottery Foundation and in Ontario by the Ontario Lottery Corporation.

Proceeds from tickets sold in Ontario will initially be used to support health research and health-related environmental projects. Of the first \$15.2 million in Provincial profits, \$5.2 million has been allocated to a variety of health research programs. These include a \$2 million grant to the Ontario Cancer Treatment and Research Foundation, a \$500,000 award to the Ontario Heart Foundation for a program for stroke research, a \$500,000 grant to the Ontario Mental Health Foundation for mental health research personnel support programs, a \$300,000 award to the Addiction Research Foundation to support research into the treatment of alcoholic liver disease, a \$1 million grant to the

health sciences centres of major Ontario universities to replace or update health research equipment, as well as a \$500,000 contribution to their health research and development funds, and \$400,000 for applied and clinical study grants to Ontario universities and hospitals.

A further \$5 million has been designated for several environmental health projects such as the identification and rehabilitation of abandoned mine sites and the re-

placement of contaminated top soil from residential properties near lead smelting plants.

Another \$5 million has been allocated to the Ministry of Labour to fund applied research projects and to train occupational health specialists.

"A better chance for everyone" is the Provincial's slogan. And it truly is! Not only does it offer participants a chance to win one of the many thousands of prizes but at the same time it provides that much-needed funding for worthwhile health research and health-related environmental projects.



Ontario's Lieutenant Governor, The Honourable Pauline McGibbon, launched the first draw of the Provincial at a Halloween Celebration in Toronto's Casa Loma. Subsequent draws took place in Vancouver, Stratford, Ottawa and Calgary.



# The Bonus Draw—prizes plus!

Amazing as it seems, not everyone claims their prize money. Prizes can go unclaimed for a variety of reasons — tickets are sometimes misplaced, destroyed or retained by people who are unaware that they've won. While an average of more than 95 percent of the tickets have been sold in each draw, there is always a remote possibility that a winning ticket has not been sold. However, for whatever reason, accumulated prize money is, after the expiry of the one-year claiming period, transferred to a fund to be returned to the participants as prizes in subsequent draws.

There were three Bonus Draws last year (June 24, September 16 and February 3) and each draw featured 100 bonus prizes of \$10,000 each — an extra million dollars. A live audience attended the advance drawing of these one hundred bonus numbers, held just prior to the regular draw. The numbers drawn were recorded on display boards and sealed by the official recorders and were publicly revealed during the last half-hour

of the extended Wintario draw that night.

In the Provincial, the different ticket design and draw frequency allows us to determine, prior to the next draw, if any of the unsold tickets (returned at the close of sales just prior to the draw) are eligible to win major prizes. If they are, these prizes are added to the next draw as bonus prizes. Other unclaimed or unawarded prizes, after the expiry of the one-year claiming period, will be transferred to a special prize fund for bonus or special prizes in future draws.



# The Prize Office

Our prize office is a happy, busy place — happy because most of our visitors are winners and busy because there are so many of them.

After a Wintario draw, as many as 1,000 winners may come in to collect their prizes. A Provincial draw may mean 900 winners the following day.

Prize office staff authenticate tickets, check winners' identification and most important give away cheques ranging from \$25 to \$1 million.

Publicizing the identity of winners is essential to the integrity of the lottery. The public has a right to know who the winners are. In this way, public confidence and interest in the lottery can be maintained.

Everybody loves a winner and part of the fun is being a celebrity for a day.

"We've had 13 new millionaires, 14 quarter millionaires and 120 winners of \$100,000 pass through the prize office this year and I still get letters from past winners telling me how much they enjoyed winning and the extra little attention winning brought," says Wendy Horne, Media Relations Officer for the Corporation. "They talk about their plans for the prize money and the pleasure that sharing their winnings has given them."

With 821,572 winners in the last year and more than \$85 million awarded in prize money, the prize

office is an active place full of many interesting stories.

Our mail room is almost as exciting as the prize office. Winners can collect their prizes by mail and this convenience means that our mail room receives as many as 1,150 Wintario tickets and 2,850 Provincial tickets a day or so following a draw. Mailed-in tickets frequently present puzzling problems for Pauline Kramreither, our Coordinator of Mail Services. She must sometimes search through

thousands of pieces of mail trying to resolve them. "It certainly causes quite a stir around here when someone sends in a winning million dollar ticket by mail!"

In addition to our prize office and mail-in service, \$25 Wintario and \$50 Provincial prize winners can redeem their tickets at the Canadian Imperial Bank of Commerce and about 83.9 percent of all winners do.

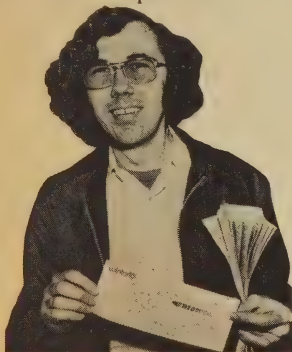
## Prize Office Report (As of September 30, 1977)

Wintario Draw Date	No. of Prizes Available	Value of Prizes Deposited	Percent Paid Out
April 15, 1976	24,840	\$2,184,500	92%
April 29, 1976	35,100	2,679,750	83%
May 13, 1976	32,400	2,511,000	93%
May 27, 1976	32,400	2,511,000	91%
June 10, 1976	32,400	2,511,000	95%
June 24, 1976	46,000	4,354,750	95%
July 8, 1976	29,700	2,342,250	97%
July 22, 1976	30,600	2,398,500	96%
August 5, 1976	31,050	2,426,625	94%
August 19, 1976	29,700	2,342,250	91%
September 2, 1976	32,400	2,511,000	88%
September 16, 1976	46,000	4,354,750	97%
September 30, 1976	32,400	2,511,000	94%
October 14, 1976	32,400	2,511,000	89%
October 28, 1976	32,400	2,511,000	92%
November 11, 1976	32,400	2,511,000	87%
November 25, 1976	32,400	2,511,000	93%
December 9, 1976	32,400	2,511,000	91%
December 26, 1976	32,400	2,511,000	97%
January 8, 1977	32,400	2,511,000	86%
January 22, 1977	32,400	2,511,000	94%
February 3, 1977	51,400	4,692,250	96%
February 17, 1977	32,400	2,511,000	95%
March 3, 1977	32,400	2,511,000	92%
March 17, 1977	29,700	2,342,250	98%
March 31, 1977	32,400	2,511,000	95%
<b>TOTAL</b>	<b>872,490</b>	<b>\$70,293,875</b>	



# And the winners are...

Excited, amazed, disbelieving! These emotions and many others appeared on the faces of our 1,144,181 winners (May 15, 1975—April 30, 1977). Winning was a terrific adventure and with their individual reactions and plans each winner has been special.

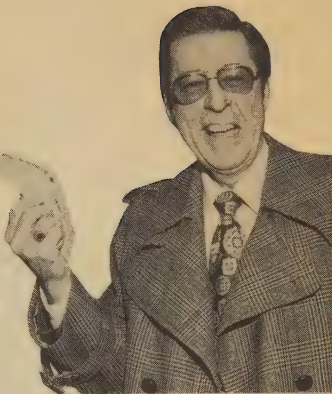


A very special winner was our millionth Wintario winner John Manarey. John arrived on April 5, 1977 to collect his \$100 prize and was astonished to discover he had won a trip for two anywhere in the world plus spending money, courtesy of CP Air and the Ontario Lottery Corporation.

As hosts of the February 3, 1977 bonus draw, the Bowmanville Jaycees purchased Wintario tickets which they included as part of the admission to the draw. The group won \$10,000 — a prize they plan to use in the development of a park in Bowmanville. Shown from left to right are: Larry Pooler, Harry Moroz, President Al Wood, Bill Steacey, Grant Brumm, Anton Trejbal.



Charles Hammond of Scarborough made lottery history by being the first person to win \$100,000 twice. The first time he won (December 26, 1976), he shared his ticket with his daughter and another girl. The second time (June 23, 1977), he won all on his own.



"Well, I won't be retiring on it," explained Fred Davis when he claimed his \$50 Provincial prize, "but it's great fun and I can think of hundreds of ways to spend it!"



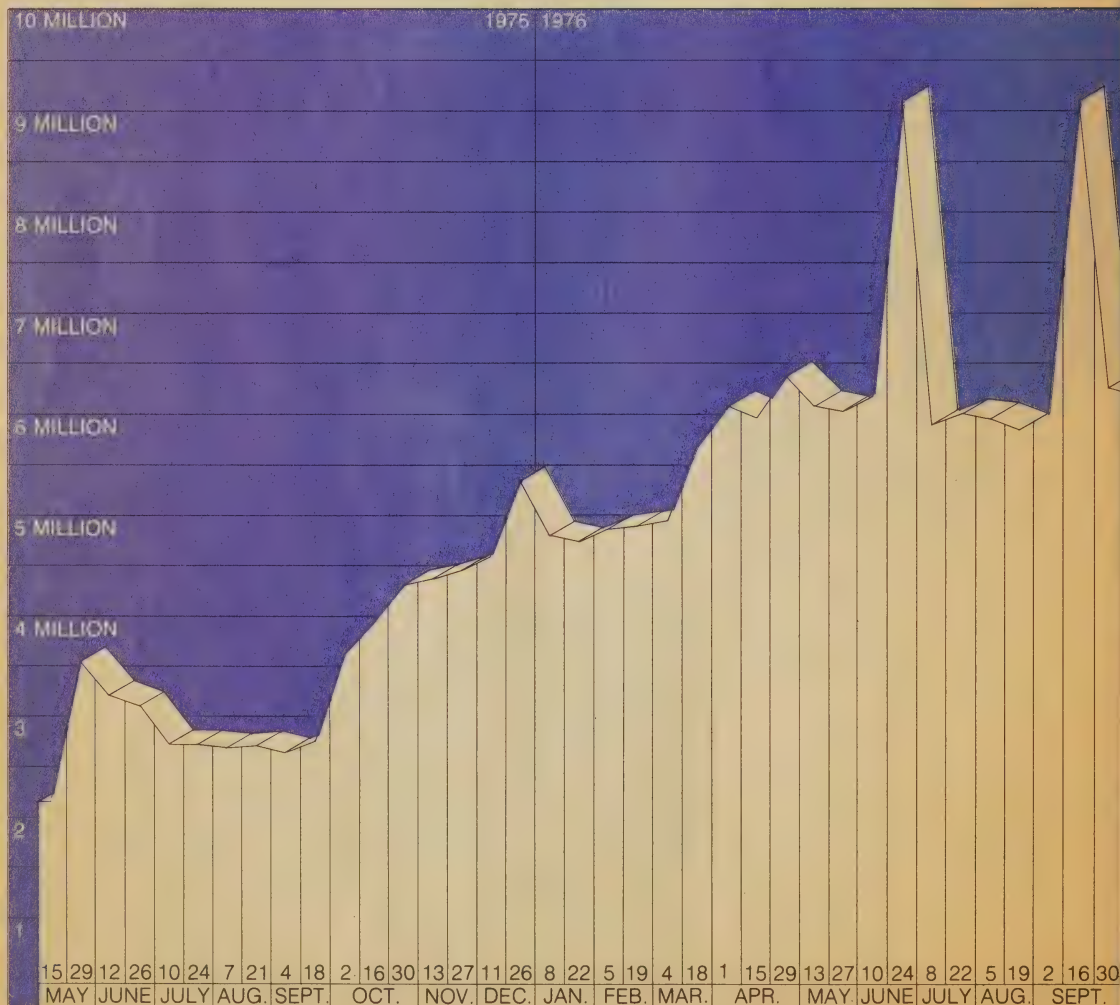
Anne and Fred Nash — En route to have her baby, Anne Nash stopped to buy a lottery ticket. It was a lucky stop — she won \$100,000 in the May 12, 1977 draw.



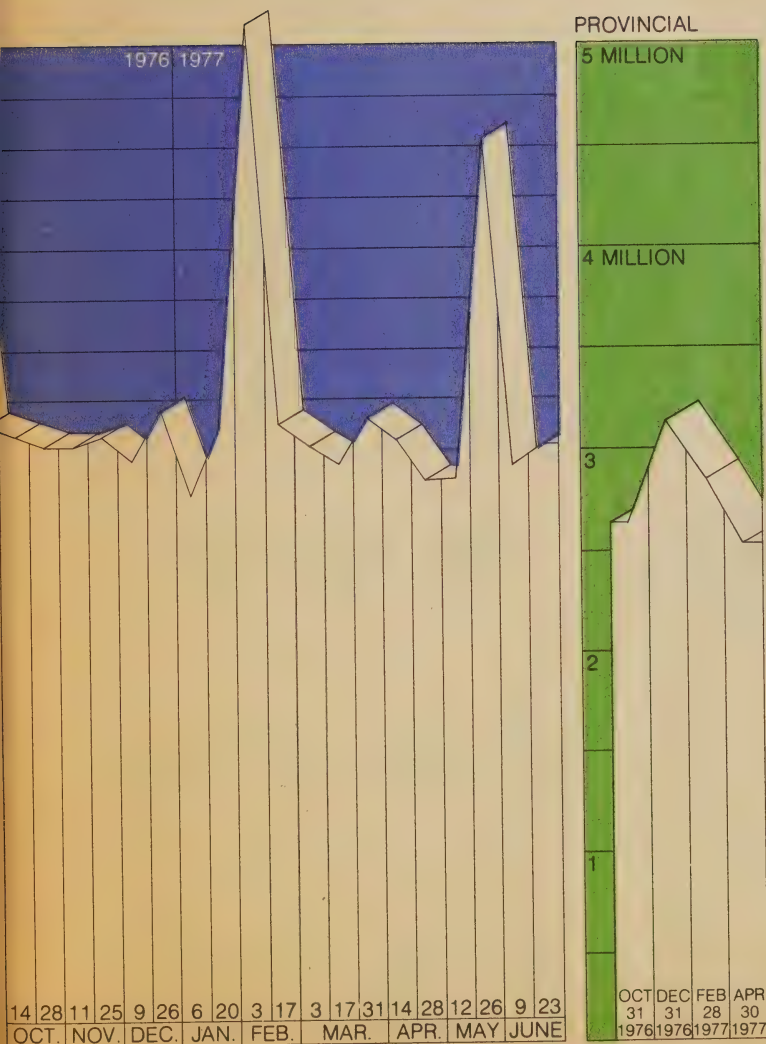


# Net Sales

WINTARIO



# Getting the tickets to market



To get both Provincial and Wintario tickets from the Corporation to the public, Mike Holroyde, Manager of Distribution and Sales, directs a system of 46 independent distributors, who are responsible for the distribution of tickets to the hundreds of retailers in each area.

As of May 1976, distributors' gross commissions on Wintario sales were reduced to 3 cents per ticket for the first 100,000 tickets sold (including a 1/2 cent allowance for promotion and advertising) and 2 cents per ticket on sales exceeding 100,000. For the Provincial, distributors receive a gross commission of 15 cents for each ticket sold.

One of the most important elements in the sales and distribution chain is the network of more than 21,000 Wintario/Provincial retailers. These independent sales outlets, which include trust companies, cigar stores, news stands, variety stores, and individual retailers who service commercial and industrial areas, earn commissions of 8 cents per ticket on Wintario and 25 cents per ticket on the Provincial.

But not all of our retailers are commercial outlets. Many are charitable organizations who sell Wintario and Provincial tickets to earn money for a wide variety of worthwhile projects. One such organization is the Kidney Foundation of Niagara Falls. In the past year, they earned \$5334 by selling 63,102 tickets.

President Alfie Hicks terms Wintario "a life saver" for the Foundation. "Last year we earned \$2500 for medical research and this year we gave \$5,000 to find the causes and cures of kidney disease."

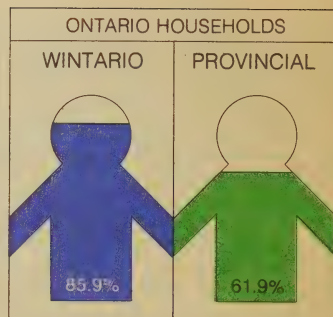
# Who buys lottery tickets?

The February 1977 Gallup Poll showed that participation in both Wintario and the Provincial cuts across every socio-economic group in the province. With 85.9 percent of all Ontario households having purchased a Wintario ticket and 61.9 percent having bought a Provincial ticket, almost all of Ontario has participated — all types of people from diverse backgrounds and occupations.

There does not appear to be a significant difference in participation by income group — except as

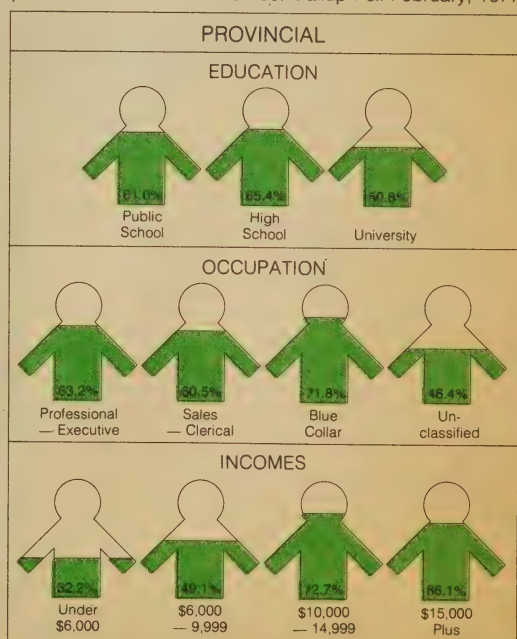
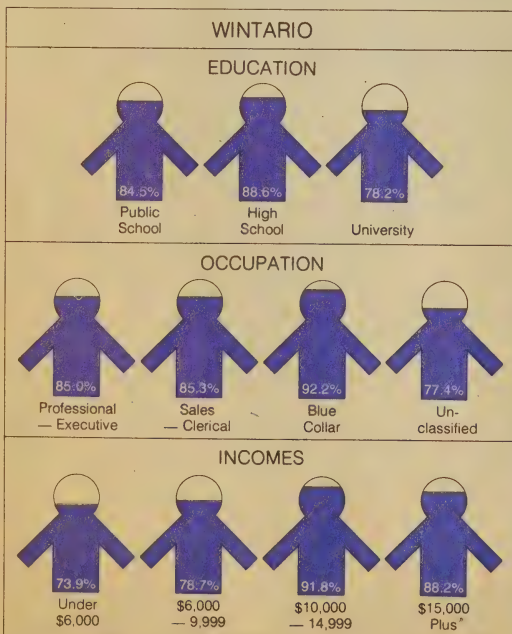
you might expect those people in higher income levels tend to participate to a greater extent, 90 percent over \$10,000 as compared to 76.3 percent under that figure.

Who is the Average Wintario Ticket Purchaser? As you can see from the demographic breakdown of the Gallup Poll (below), he or she would probably be a blue collar or clerical worker with a high school education who earns between \$10,000 — \$14,999 a year and lives in a community of 10,000 — 100,000.



## DEMOGRAPHIC CHARACTERISTICS OF PARTICIPATION (EXPRESSED AS A % OF THE WHOLE IN EACH CATEGORY)

Source: Gallup Poll February, 1977

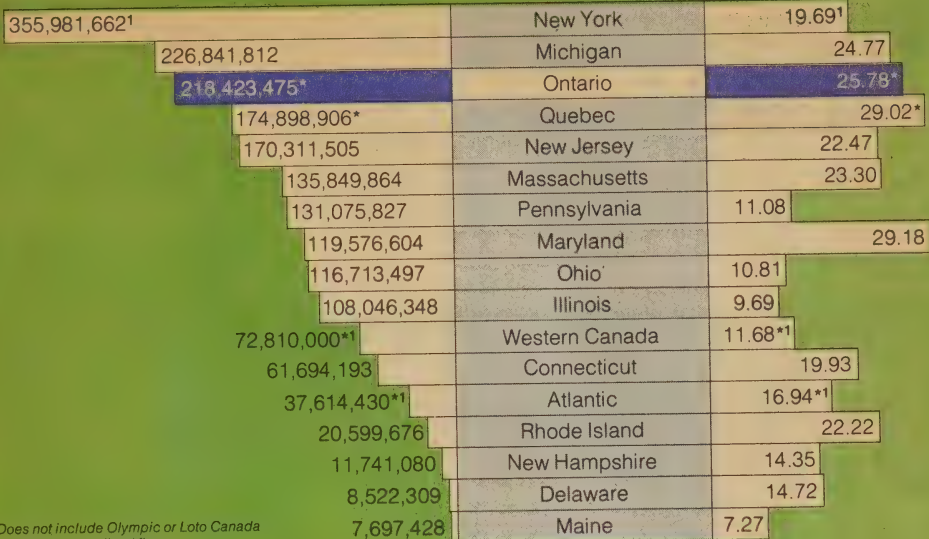




## GROSS ANNUAL LOTTERY SALES (\$MILLIONS)

1976-1977

PER CAPITA SALES (\$)



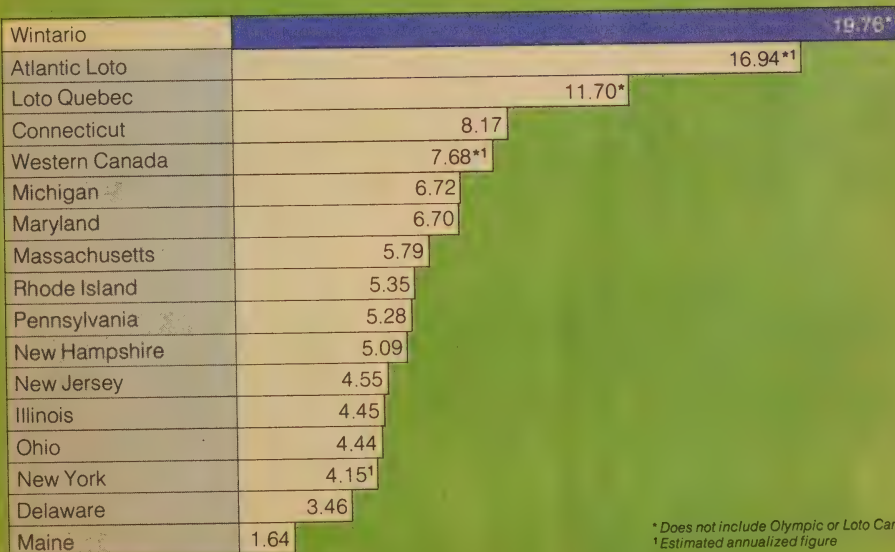
\* Does not include Olympic or Loto Canada

<sup>1</sup> Estimated annualized figure

360 340 320 300 280 260 240 220 200 180 160 140 120 100 80 60 40 20 0

0 5 10 15 20 25 30

## ANNUAL PER CAPITA SALES OF WEEKLY/BIWEEKLY LOTTERIES (\$)



\* Does not include Olympic or Loto Canada

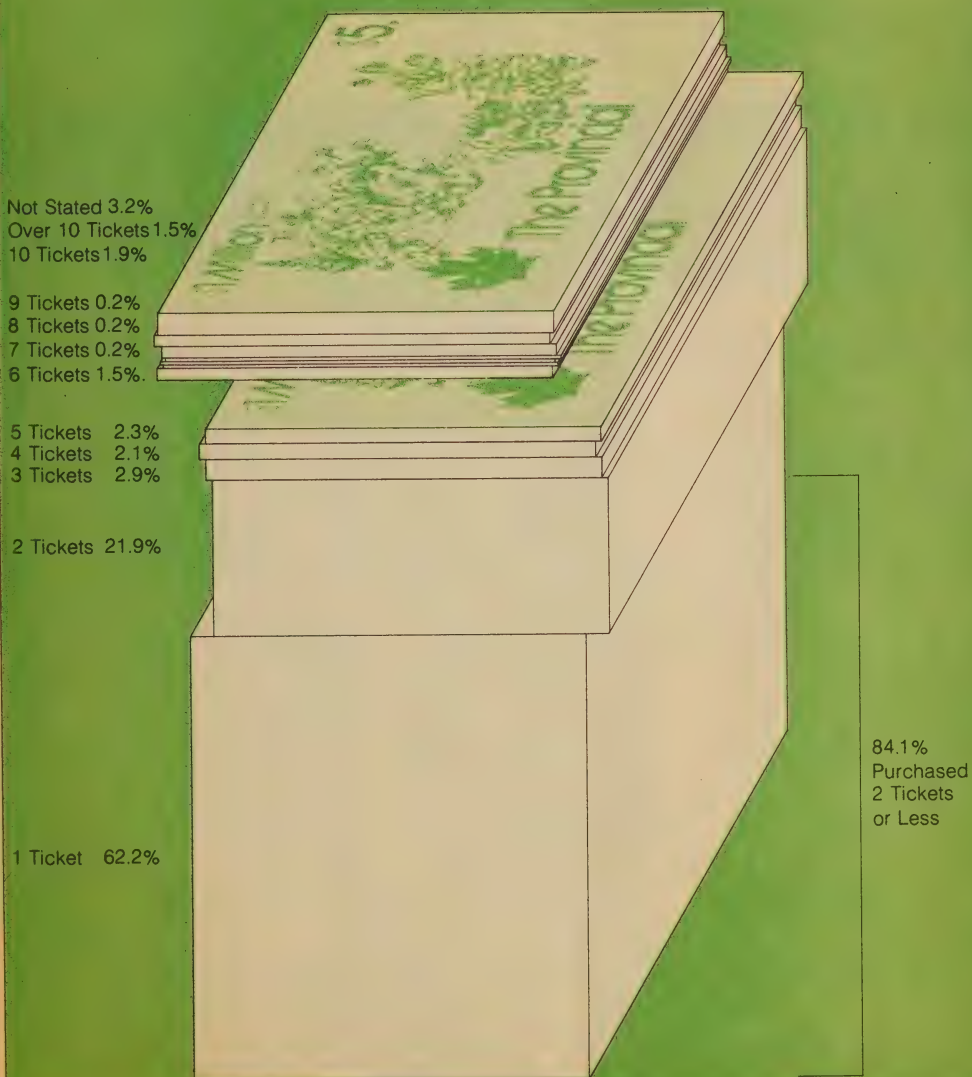
<sup>1</sup> Estimated annualized figure

0 5 10 15 20

# How many tickets do people buy?



Like Wintario participants, those who buy Provincial tickets do not spend large amounts of money. Our largest portion of buyers — 62.2 percent — purchase only one ticket per draw and 21.9 percent buy only two tickets per draw.





# Where Wintario dollars go



# Ontario Lottery Corporation

(Incorporated without share capital under  
The Ontario Lottery Corporation Act, 1974)

## Balance Sheet

as at March 31, 1977

## Assets

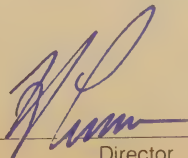
	1977 \$	1976 \$
Current assets		
Cash	10,021,767	5,372,514
Prize funds	8,809,225	6,384,100
Accrued interest	135,587	104,315
Accounts receivable	443,469	13,080
Prepaid expenses	3,484,917	93,188
	<u>22,894,965</u>	<u>11,967,197</u>

## Liabilities

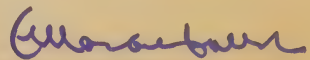
Current liabilities		
Prize money unclaimed	8,809,225	6,384,100
Net profit due to the Treasurer of Ontario — Wintario (note 2c)	2,366,049	1,289,085
Net proceeds due to the Treasurer of Ontario — The Provincial (note 2d)	5,722,717	—
Accounts payable and accrued liabilities	1,683,223	561,529
Deferred income (note 2a)	4,313,751	3,732,483
	<u>22,894,965</u>	<u>11,967,197</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

# Ontario Lottery Corporation

(Incorporated without share capital under  
The Ontario Lottery Corporation Act, 1974)

## Statement of Operations and Net Profit

Due to the Treasurer of Ontario  
WINTARIO  
for the year ended March 31, 1977  
(note 2a)

	1977	1976
	\$	\$
Lottery ticket sales	168,359,565	97,137,440
Less Commissions: Distributors	4,584,037	4,639,026
Retailers	13,468,765	7,770,995
	18,052,802	12,410,021
Net ticket sales	150,306,763	84,727,419
Prizes	67,293,875	36,094,700
Operating Expenses		
Advertising	2,419,237	2,315,853
Ticket Printing	2,815,174	1,606,748
Administration	2,035,563	2,036,792
Bonuses to retailers (note 2f)	289,400	118,250
	7,559,374	6,077,643
Total prizes and expenses	74,853,249	42,172,343
Operating income	75,453,514	42,555,076
Interest income	1,623,450	759,817
Net profit for the year	77,076,964	43,314,893
Net profit due to the Treasurer of Ontario, beginning of year	1,289,085	(25,808)
	78,366,049	43,289,085
Deduct: Payments to the Treasurer of Ontario on account of net profit (note 2c)	76,000,000	42,000,000
Net profit due to the Treasurer of Ontario, end of year	2,366,049	1,289,085

See accompanying notes to financial statements.



# Statement of Operations and Net Proceeds

Due to the Treasurer of Ontario  
The PROVINCIAL  
for the period ended March 31, 1977  
(Notes 1, 2b)

	\$
Lottery ticket sales	50,432,665
Less Commissions: Distributors	1,470,180
Retailers	2,521,633
	<u>3,991,813</u>
Net ticket sales	46,440,852
Prizes	<u>27,648,618</u>
Operating Expenses	
Advertising	2,298,492
Ticket printing	587,548
Administration	522,326
Bonuses to retailers (note 2f)	18,500
	<u>3,426,866</u>
Total prizes and expenses	31,075,484
Operating income	15,365,368
Interest income	357,349
Net proceeds for the period	15,722,717
Deduct: Payments to the Treasurer of Ontario	10,000,000
Net proceeds due to the Treasurer of Ontario	<u>5,722,717</u>

*See accompanying notes to financial statements.*

# Ontario Lottery Corporation



Ontario

Office of  
Provincial  
Auditor

To the Board of Directors of the  
Ontario Lottery Corporation and  
to the Minister of Culture and Re-  
creation.

I have examined the balance sheet of the Ontario Lottery Corporation as at March 31, 1977, the statement of operations and net profit due to the Treasurer of Ontario — Wintario, and the statement of operations and net proceeds due to the Treasurer of Ontario — The Provincial for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1977 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Corporation and to the Minister.

F.N. Scott, C.A.,  
Provincial Auditor.

Toronto, Ontario,  
June 3, 1977.

# Notes to Financial Statements

March 31, 1977

## 1. The Provincial

Pursuant to section 7(b) of the Ontario Lottery Corporation Act, 1974, the Corporation was authorized by the Lieutenant Governor in Council to enter into agreements with other provinces regarding an interprovincial lottery scheme provided that net proceeds accruing to Ontario under such lottery shall be paid into the Consolidated Revenue Fund to be held in trust by the Treasurer of Ontario and Minister of Economics and Intergovernmental Affairs pursuant to sub-section 1 of section 16 of The Financial Administration Act, for such purposes as the Lieutenant Governor in Council may direct. The Provincial lottery is a joint undertaking by Ontario and the four western provinces acting through the Interprovincial Lottery Corporation, a company incorporated under the Canada Business Corporations Act, the shares of which are held by Her Majesty the Queen in right of the respective provinces.

The Ontario Lottery Corporation is the Regional Marketing Organization for The Provincial in Ontario, and the Western Canada Lottery Foundation is the Regional Marketing Organization for The Provincial in the four western provinces.

Each of the above two Regional Marketing Organizations purchases tickets for The Provincial from the Interprovincial Lottery Corporation and, subject to the cost of sales, each region is entitled to the profits from the sale of those tickets within their respective jurisdictions. The cost of tickets purchased from the Interprovin-

cial Lottery Corporation is inclusive of the costs of printing, other central administrative costs, and the proportional share of prizes represented by the number of tickets purchased.

## 2. Accounting Policies

### (a) Wintario operations

All income and expenses related to the 26 biweekly Wintario lotteries (1976 — 24) held from April 15, 1976 to March 31, 1977 inclusive are included in the statement of operations and net profit due to the Treasurer of Ontario. Net receipts from the sale of tickets for the lottery held on April 14, 1977 have been treated as deferred income.

### (b) The Provincial operations

All income and expenses related to the sales of The Provincial in Ontario for the 3 bimonthly lotteries held from October 31, 1976 to February 28, 1977 inclusive, as well as the net receipts less applicable expenses to March 31, 1977 for the lottery held on April 30, 1977, are included in the statement of operations and net proceeds due to the Treasurer of Ontario — The Provincial.

### (c) Net profits — Wintario

Pursuant to Order in Council 2151/75, the net profits of the Corporation, after provision for prizes and the payment of expenses of operations, are paid into the Consolidated Revenue Fund of the Province of Ontario, to be identified as Wintario revenue.

### (d) Net proceeds — The Provincial

Pursuant to Order in Council 3034/76, all moneys attributed to or accruing to Ontario under The Provincial, after providing for prizes and the payment of operating expenses, are paid into the Consolidated Revenue Fund of the Province of Ontario, to be held in trust.

### (e) Fixed assets

Fixed asset purchases are written off to operations at the time of acquisition.

### (f) Bonuses to Retailers

Retailers who sell Wintario tickets which win prizes of \$10,000 or more are paid a bonus of 1 per cent. Retailers who sell The Provincial tickets which win prizes of \$1,000,000 are paid a bonus of \$1,500 and for prizes of \$250,000 are paid a bonus of \$1,000.

## 3. Anti-Inflation Legislation

Pursuant to the terms of an agreement between the Province of Ontario and the Government of Canada, the Corporation is subject to controls on compensation instituted by the Government of Canada in the Anti-Inflation Act, effective October 14, 1975.

## 4. Comparative Figures

Comparative figures for 1976 have been reclassified where necessary to conform to 1977 presentation.





The Ontario Lottery Corporation is a Crown Corporation established on February 7, 1975, by an Act of the Ontario Legislature to develop and manage lotteries within the Province.

Through the Ministry of Culture and Recreation, funds from Wintario are used to promote physical fitness, sports and cultural activities and through the Ministries of Health, Environment and Labour, funds from the Provincial are used for health research and health-related environmental projects, thereby contributing to the overall quality of life in Ontario. That is why we say, "with Wintario we all win" and the Provincial is a "better chance for everyone."

The symbol of the Corporation is a stylized combination of the letter "O" for Ontario and the letter "L" for Lottery. Together they are descriptive of the Ontario Lottery Corporation and its efforts to enable Ontarians to participate in the fun and excitement of a provincial lottery, while at the same time, contributing to a wide variety of worthwhile activities across the Province.

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# Ontario Lottery Corporation

## Annual Report 1977/78



September 29, 1978

The Honourable Reuben Baetz  
Minister of Culture and Recreation  
6th Floor  
77 Bloor Street West  
Toronto, Ontario

Dear Mr. Baetz:

Pursuant to the provisions of  
the Ontario Lottery Corporation Act,  
I have the pleasure of presenting to  
you the third annual report of  
the Ontario Lottery Corporation for  
the year ending March 31, 1978.

Yours very truly,

A handwritten signature in dark ink, appearing to read "Harry McCulloch", written in a cursive style.

H. McCulloch, Q.C.  
Chairman of the Board



# Board of Directors

Publications

Donald J. MacLean, C.L.U.  
Toronto  
February 17, 1976  
to February 16, 1979

Harold Freeman, C.A.  
Toronto  
February 17, 1975  
to February 16, 1980

Fern Guindon  
Cornwall  
February 17, 1975  
to February 16, 1979

Managing Director  
E. Marshall Pollock, Q.C.  
Toronto

J. Gilbert Bowness  
North Bay  
September 30, 1976  
to September 29, 1979



Edward Rigby, D.D.  
Burlington  
February 17, 1975  
to February 16, 1979

Vice-Chairman  
Gisele Richer  
Rockland  
February 17, 1975  
to February 16, 1979

Chairman  
Harvey McCulloch, Q.C.  
Hamilton  
February 17, 1975  
to February 16, 1979

Aranka E. Kovacs, Ph. D.  
Windsor  
February 17, 1975  
to February 16, 1980

## Management

Managing Director, E. Marshall Pollock, Q.C.  
Manager, Draws & Community Relations, Barbara E. Jesson  
Manager, Sales & Distribution, J. Michael Holroyde  
Manager, Finance & Administration, Adam J. Hawkins, R.I.A.  
Manager, Marketing, Francis Charrey  
Manager, Systems Development, Imre Sarvari

# Chairman's Report

The completion of three years of corporate operations provides us with an opportunity to reflect and report on the considerable contribution lotteries have made to the quality of life in this Province.

Since we began in 1975, more than 2 million Ontarians have collected more than \$212 million in cash prizes from Wintario and the Provincial. There have been winners from almost every town and community in the Province.



But success can be measured in other ways as well. Every area of the Province has shared in the profits generated by the lotteries. By the end of our third year, more than \$189 million had been turned over to the Ministry of Culture and Recreation to be used for physical fitness, sports, cultural, and recreational activities. Wintario dollars have funded province-wide undertakings ranging from major construction projects to small local programs.

Especially rewarding has been the arena project, through which Wintario has assisted more than 200 communities where the effects of time and weather had rendered the local facility unfit for public use. Thanks to the support shown Ontario's lottery, funds were available to assist in the renovation and reconstruction of these very important centres of community life.

Enthusiasm for the new monthly Provincial lottery increased greatly over the past year, with sales totalling \$76.9 million resulting in profits of \$28.2 million. The monies generated from this lottery have been made available for health and health-related research through the Ministries of Health, Labour, and the Environment. I am pleased to report that these additional funds have already begun to have considerable effect within the scientific community.

Success can be measured in a variety of ways. Our experience over the past three years indicates that contributions made by Ontario lotteries can perhaps best be measured, not in dollars, but in people. Every area of this Province has benefitted from the activities of this Corporation and the opportunities which Wintario and the Provincial have provided continue to be available to each and every one of its residents. In as many ways as there are people in Ontario, "We all Win".

Harvey McCulloch, Q.C.  
September 29, 1978



# Managing Director's Report

It has been said that success is not a destination but a journey. With a third year of operation now behind us, we at the Ontario Lottery Corporation look back at the many milestones which have been passed along our way with a considerable sense of achievement.

In our third year, more than 85% of Ontario's 8.3 million residents continued to enjoy playing their bi-weekly lottery, Wintario, and enthusiasm for our million-dollar lottery has strengthened since it became a monthly draw, with Provincial profits up 79% over last year.

As a Crown Corporation concerned with the raising of public revenue for public purposes, we are keenly aware of our position in an economy-conscious environment. This year of operation generated \$100 million in profits on total revenues of \$240.4 million. At the same time, our 21,000 retailers across the Province earned almost \$17 million in commissions. To date, \$254 million has already been returned to our Province's communities for cultural and recreational projects and health-related research.

While the statistics may speak for themselves, our overall impact can be seen in many other ways. The independent businessman who sells Wintario tickets, the construction worker on the new arena, the scientist engaged in health research—all have found new opportunity through Ontario's lotteries.

If success is indeed a journey, the year ahead of us will carry us even greater distances. We expect to launch our third game—LOTTARIO—in which the players are able to select their own ticket numbers. We are also pleased that the introduction of this game will provide a significant economic stimulus to the Canadian computer industry and we're excited about offering our players yet another choice.

At the same time, we expect to take Wintario draws to more of the many communities which have asked to play host to our bi-weekly lottery, and we have some surprises on the shelf for the Provincial players in the coming year which should make it the best million-dollar game ever!

The operation of our lotteries requires special types of people. For the travelling crew who ensure that each draw goes smoothly, the Prize Office staff greeting the winners, and all of the others, the atmosphere in our Toronto headquarters is always lively! Each day is a full one for every member of our staff and certainly the dedication of these 70 people is reflected in the success of Ontario's lotteries.

Activity continues to flourish in every area of our operation, from the games themselves to the many worthwhile projects which derive from lottery funding. With the success of the past as our touchstone for the future, we enter our fourth year with every confidence that it will most certainly be as exciting as the last.

A black and white photograph showing a close-up of a hand holding a small, dark, spherical object, likely a lottery ball, between the thumb and index finger. The hand is positioned over a vertical slot or opening in a structure, possibly part of a lottery machine. The background is a solid, light color.A stylized, handwritten signature in blue ink, reading "E. Marshall Pollock".

E. Marshall Pollock, Q.C.  
September 29, 1978



# The Road Show

It may well be the longest running hit in the history of showbusiness—heading into its fourth year, Wintario is still playing to packed houses!

By the end of 1978, every County and District in Ontario will have hosted a Wintario draw. In fact, more than 60,000 people have been a part of Wintario's live audiences—people from every geographic area of this Province.

"It's a delight to see our goal within reach," says Barbara Jesson, Manager of Draws and Community Relations. "As a public lottery, we felt an obligation to bring the draws into every area where people play Wintario—and in a province this size it's been quite an undertaking!"

If all the miles travelled by the Wintario crew were laid end to end, they'd have been around the world by now—that's almost 25,000 miles just within Ontario. Reflecting on that statistic, a footsore Fred Davis comments, "It's really been like a trip around the world—we've met so many different people, and been a part of so many different festivities—and there's still so much to see right here in Ontario."

The Wintario telecasts have become regular viewing for almost one million residents of Ontario. When the lights go up every other Thursday night, the home audience sees the winning numbers drawn in a new setting: Wintario has been a part of Winter Carnivals, Homecoming Celebrations, Split Rail Festivals, and local Centennials.

"We've done a lot of travelling in three years," says co-host Faye Dance, "but our signal has us beat—it's travelled 36,000 miles in 3 seconds just to get the broadcasts to home audiences all over Ontario. With space-age technology, Wintario determination, and public enthusiasm, we can go just about anywhere!"



Since our last report, Wintario has visited the following locations:


## 1977

- September 1—Gold Cup Races  
Picton, Ontario
- September 15—Split Rail Festival  
Flesherton, Ontario
- September 29—Opening Ceremonies  
—Middlesex Memorial Centre,  
Strathroy, Ontario
- October 13—Milton District High  
School, Milton, Ontario
- October 27—McMichael Gallery  
Kleinburg, Ontario
- November 10—Academy Theatre  
Lindsay, Ontario
- November 24—Community Youth Band  
Fergus, Ontario
- December 8—Cultural Centre Building  
Fund Raiser, Burlington, Ontario
- December 22—Eastdale Collegiate and  
Vocational School, Oshawa, Ontario

## 1978

- January 5—Leah Posluns Theatre  
Toronto, Ontario
- January 19—Winter Festival  
Collingwood, Ontario
- February 2—Winter Carnival  
Orillia, Ontario
- February 16—Highland Secondary  
School, Dundas, Ontario

- March 2—Napanee District Secondary  
School, Napanee, Ontario
- March 16—Diamond Jubilee  
Celebrations, Port Colborne, Ontario
- March 30—Opening Ceremonies—  
Community Centre, Embrun, Ontario
- April 13—"Baseball's Back in Town"  
Toronto, Ontario
- April 27—Centennial Celebrations  
Cannington, Ontario
- May 11—Aurora Library Fund Raiser  
Aurora, Ontario
- May 25—Lambton-Kent Composite  
School, Dresden, Ontario
- June 8—Centennial Celebrations  
Shelburne, Ontario
- June 22—Old Home Week  
Morrisburg, Ontario
- July 6—Uranium Festival  
Elliott Lake, Ontario
- July 20—Manitoulin Secondary School  
Manitoulin Island, Ontario
- August 3—County Town Carnival  
Whitby, Ontario
- August 17—Fort Frances Memorial  
Arena, Fort Frances, Ontario
- August 31—Rockhound Fair '78  
Wilberforce, Ontario
- Draw locations—May, 1975 to  
August 18, 1977

A map of the province of Ontario, Canada, with its geographical features like the Great Lakes and the St. Lawrence River highlighted in blue. The land area is yellow. Numerous small symbols (circles, squares, and triangles) are scattered across the map, representing various locations where Provincial draws have been held. The symbols are concentrated in the southern part of the province, particularly around the Greater Toronto Area and the Niagara region.

Since its inception, the Provincial has held draws in the following locations:

- △ October 31, 1976—Hallowe'en—  
Casa Loma, Toronto, Ontario
- △ December 31, 1976—New Year's Eve—  
Queen Elizabeth Theatre,  
Vancouver, British Columbia
- △ February 28, 1977—Valentine's Day—  
Festival Theatre, Stratford, Ontario
- △ April 30, 1977—Tax Day—  
Bank of Montreal, Ottawa, Ontario
- △ July 1, 1977—Dominion Day—  
Stampede Park Grandstand,  
Calgary, Alberta
- △ September 5, 1977—Labour Day—  
Stelco Lake Erie Development,  
Nanticoke, Ontario
- △ September 30, 1977—Huron Country  
Playhouse, Grand Bend, Ontario
- △ October 30, 1977—Western  
Development Museum,  
Saskatoon, Saskatchewan
- △ November 27, 1977—Shaw Festival  
Theatre, Niagara-on-the-Lake, Ontario
- △ December 26, 1977—Boxing Day—  
Olympium, Etobicoke, Ontario
- △ January 29, 1978—Cleary Auditorium,  
Windsor, Ontario
- △ February 26, 1978—Centre for the  
Performing Arts, Oakville, Ontario
- △ March 27, 1978—Young People's  
Theatre, Toronto, Ontario

- △ April 30, 1978—Eaton Centre,  
Toronto, Ontario
- △ May 28, 1978—Global Studio One,  
Toronto, Ontario
- △ June 25, 1978—CN Tower,  
Toronto, Ontario
- △ July 30, 1978—Kee to Bala,  
Bala, Ontario
- △ August 27, 1978—Mohawk College,  
Hamilton, Ontario



# Something New Under the Sun



How do you make a good thing even better?

Constant monitoring of public attitude has led to a number of changes in our lotteries, and perhaps the biggest change made in the past year was the move from bi-monthly draws to monthly draws for our Provincial lottery. Now that "every month is a win-a-million month," public response has shown that the move was a welcome one.

The original Provincial, with its bi-monthly draws, presented a challenge to the Corporation: when the draw happens every other month, how do you make it special? The answer turned out to be not only

effective, but fun—each draw took on a seasonal theme.

Because the Provincial is a joint undertaking of Ontario and the four Western Provinces, it was never difficult to find a setting with just the right atmosphere for the draw's theme. From our first Hallowe'en draw at Toronto's Casa Loma, to our Labour Day draw at the Steel Company of Canada in Nanticoke, each bi-monthly draw had a motif which was as entertaining to watch as it was to plan.

Interest in the million-dollar game was increasing, and we were learning from people who play the Provincial that once every two months was just

*Provincial lottery host Fred Davis, is joined by guest co-host Faye Dance on the set of the new Provincial lottery.*

not enough! Once again, we were faced with a challenge: our players wanted the excitement of the draws more often, and we wanted to preserve our economic ticket price. The answer was a unique, overlapping game, with each Provincial ticket now good for TWO draws!

The Provincial went monthly in September—to the delight not only of our players, but of the communities who've asked to host a Provincial draw—twice as many invitations could be accepted with monthly draws.



# A Prize Is a Prize

A prize is a prize is a prize in Wintario and the Provincial! When the tickets are issued for a draw in either lottery, all the prize money generated by the draw is dedicated to a prize fund—and there it stays until claimed by the lucky winners. Sometimes, however, tickets go astray—an inadvertent trip through the washing machine, or an accidental toss into the wastepaper basket. Although it doesn't happen often—an average of about 7% of prizes remain unclaimed after the one-year claiming period—when there are so many prizes to be won as there are in Wintario and the Provincial, the unclaimed prize fund does build up.

When that happens, we have the delightful task of returning that money to the people who play our lotteries, and we do so by holding periodic special bonus draws. During the 1977-1978 fiscal year, four of these special events were held in conjunction with Wintario draws, and one was held for the Provincial.

This year, we gave the unclaimed Wintario prizes away both by utilizing a tried and true formula, and by experimenting with a new draw method. For the first three bonus draws, held on May 26, 1977, October 13, 1977 and January 5, 1978, one hundred separate bonus numbers, each eligible for a \$10,000 prize, were drawn on the afternoon of the draw day before a live audience. That evening, a one-hour television broadcast featured the regular Wintario draw, and the revelation of the 100 bonus numbers, drawn earlier.

The fourth Wintario bonus draw of the year fell on March 16th—the date of the 75th Wintario draw, and we couldn't let our Diamond Jubilee go by without a special celebration. This time, the bonus draw was incorporated into the regular draw, and featured extra prizes based on the



number "75". All in all, there were 11 draws in one half hour show—and the highlight of the evening was a race between two banks of five Ryo-Catteau machines each! Bonus draws are always enjoyed by our players—but this one was perhaps the best yet. Not only were the tickets completely sold out—but our switchboard lit up all week with players telling us how much fun the draw had been.

For our first Provincial bonus draw, we learned the real meaning of the words "anywhere under the sun" as we took our impressive Provincial set onto the waters of the Olympic size pool at the Etobicoke Olympium! The floating stage, and the fifty

Corporation staff members Patricia Cake, front, Ann Hagarty, left, Gary Holling and Joanne Ring prepare the Ryo-Catteau machines for use prior to a recent draw under the supervision of Manager of Draws and Community Relations, Barbara Jesson, back.

extra bonus numbers worth \$20,000 each made the Boxing Day Provincial draw a real Christmas treat!

People who play Wintario and the Provincial look forward to the extra excitement of our bonus draws and they're always pleased to learn that we'll be holding them periodically as long as there are prize dollars to return to them. In Wintario and the Provincial, once a prize, always a prize!

# Cheques and Checks

All the world loves a winner—and our Prize Office staff meet more than 50,000 of them each year as they step into the bustling operation in Cumberland Terrace in Toronto to claim prizes from \$25 right up to \$1 million! Last year, the people who staff the Prize Office welcomed 34 new millionaires, and 134 winners of \$100,000! "It's all in a day's work," laughs Kim Moritsugu, Prize Office Supervisor, "but some days are busier than others! Following a Wintario draw, for example, we meet more than 1,300 people who all leave our prize office happier—and richer!"

Redeeming winning tickets gives the Prize Office a happy atmosphere and it takes on a *special* glow when a million-dollar winning ticket is presented. The procedure involved in claiming a million dollars is really not much different from the general prize claiming process,—but seeing all those zeros on the cheque makes everyone's day a little brighter.

If you win a million dollars, you'll meet Wendy Horne or one of her assistants, Media Relations Officers for the Corporation. Your ticket will be subjected to our validation tests and procedures established by British American Bank Note—the security printers of the tickets. Then, Wendy assists you with media inquiries—you'll be a celebrity for a day—and she'll snap your picture with that million-dollar cheque.

People who play Wintario and the Provincial want to know something about people who win—and its only fair that all of the players of public lotteries know who the winners are. The little bit of fame that winning brings is fun for lucky ticket holders, and they report to us that it lasts only a little while. Then it's back to life as usual!

The Prize Office is a friendly place where there's never a dull moment. In addition to greeting all of the

Grand Prize Winners, the Prize Office staff welcome people who might stop by for a chat about lotteries, or to bring up a question or two, which they're always happy to answer.

The Prize Office staff do not meet every winner in Wintario and the Provincial, of course. No office could be big enough for that task! \$25 and \$50 prizes may be claimed at any branch of the Canadian Imperial Bank of Commerce in Ontario—and 88% of these winners take advantage of this special service.

Some of the fun of greeting winners is saved for our retailers. Winners of Win'fall prizes—a free book of Wintario tickets for the next draw—take their winning tickets to participating retail outlets in Ontario. Since the introduction of these prizes in June of 1977, 21,000 retailers have redeemed more than than 598,000 Win'fall prizes—78% of those available.

And this still doesn't account for all of the ways in which the many lucky winners claim their prizes—so, let's move on to our mail room!

**Prize Office Report (As of September 29, 1978)**

Wintario Draw Date	No. of Prizes Available	Value of Prizes Deposited	Percentage Paid Out
April 14, 1977	32,400	\$2,511,000	94.31%
April 28, 1977	29,700	2,342,250	91.24%
May 12, 1977	29,700	2,342,250	95.67%
May 26, 1977	48,700	4,523,500	87.67%
June 9, 1977	31,050	2,426,625	93.94%
June 23, 1977	65,205	2,597,400	89.99%
July 7, 1977	68,040	2,689,200	90.83%
July 21, 1977	68,040	2,689,200	90.06%
August 4, 1977	65,205	2,597,400	94.41%
August 18, 1977	65,205	2,597,400	94.47%
September 1, 1977	62,370	2,505,600	90.60%
September 15, 1977	65,205	2,597,400	94.27%
September 29, 1977	65,205	2,597,400	91.39%
October 13, 1977	90,820	4,423,600	92.64%
October 27, 1977	62,205	2,597,400	91.68%
November 10, 1977	65,205	2,597,400	84.92%
November 24, 1977	65,205	2,505,600	87.83%
December 8, 1977	62,370	2,597,400	88.30%
December 22, 1977	65,205	2,597,400	85.88%
January 5, 1978	96,490	4,607,200	94.03%
January 19, 1978	62,370	2,505,600	92.32%
February 2, 1978	65,205	2,597,400	94.94%
February 16, 1978	62,370	2,505,600	94.82%
March 2, 1978	62,370	2,505,600	92.22%
March 16, 1978	160,380	6,284,350	96.39%
March 30, 1978	62,370	2,505,600	
Provincial Draw Date	No. of Prizes Available	Value of Prizes Deposited	Percentage Paid Out
April 30, 1977	37,002	\$10,647,500	98.05%
July 1, 1977	36,000	9,555,000	92.66%
September 5, 1977	36,002	10,805,000	85.95%
September 30, 1977	12,000	4,197,000	98.31%
October 30, 1977	24,001	6,244,000	96.16%
November 27, 1977	24,000	5,262,000	95.75%
December 26, 1977	24,050	6,262,000	96.91%
January 29, 1978	23,500	5,178,250	95.98%
February 26, 1978	22,500	5,118,750	93.80%
March 27, 1978	22,000	4,971,000	88.32%



# Our Mail Bag

Postmarked—Hong Kong to Haliburton, West Indies to Willowdale. Moose Jaw to Manitoulin! That's the story inside our mail bag which arrives with more than 1,000 pieces of mail from all over the world inside! "We get more mail than Santa," says Pauline Kramreither, Coordinator of Mail Services, "and every piece gets answered!"

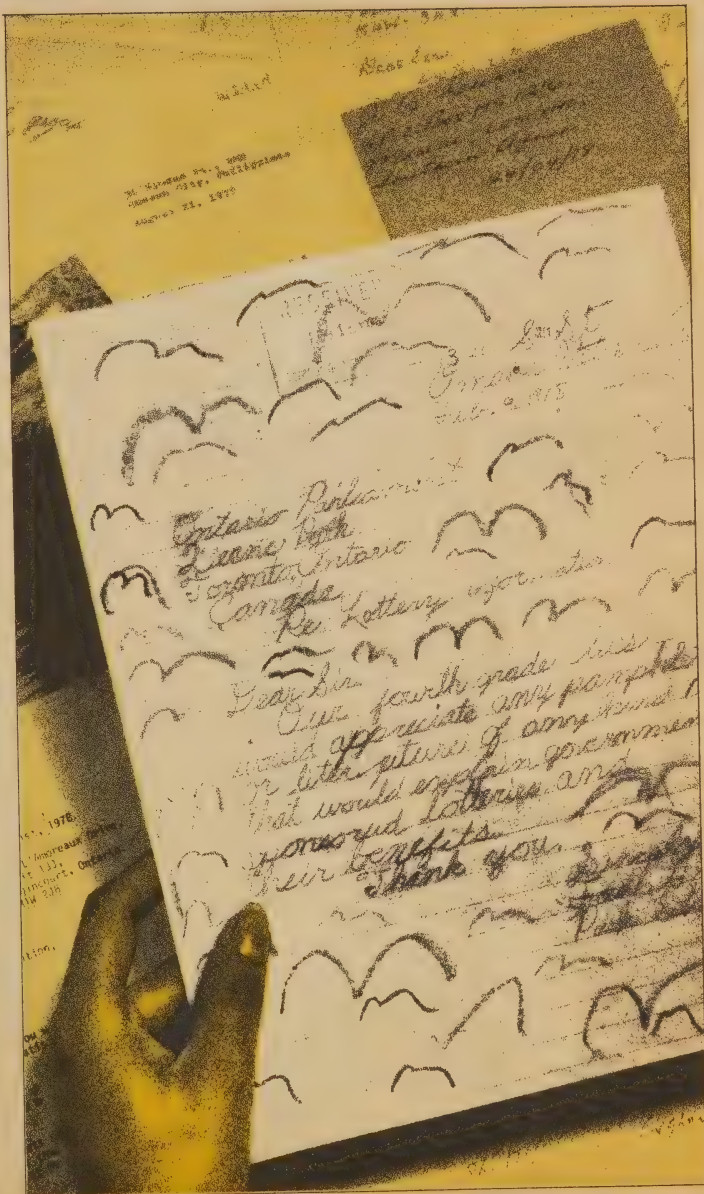
A good portion of that mail is winning tickets from Wintario and Provincial players who chose to redeem their lucky tickets via registered mail. Because getting the prizes to the winners is so important, our mailroom has devised a system which gets the cheque off to the winner less than 3 days after the ticket stub arrives at our office.

There's always some fun in the mail bag too! Letters arrive from all over the world seeking information about our lotteries, or asking for winning numbers. And, of course, people who play Wintario and the Provincial write to us to suggest changes, ask questions, or just offer their comments on their lotteries. Then we get all that fan mail for Fred and Faye which we pass along.

We can count on finding good things in the mailbag—right down to the stamps on the letters. A system has been devised to double check every envelope by tearing the stamp side off for a second look inside. The stamps are saved, and donated to the Baptist Church of Canada who re-process the ink and paper for proceeds which are donated to charity.

"It's a security system which helps our players, and our correspondents," says Pauline. "and it's really nice to know it's helping the less fortunate at the same time."

And that's the function of our mailroom—helping people who ask.





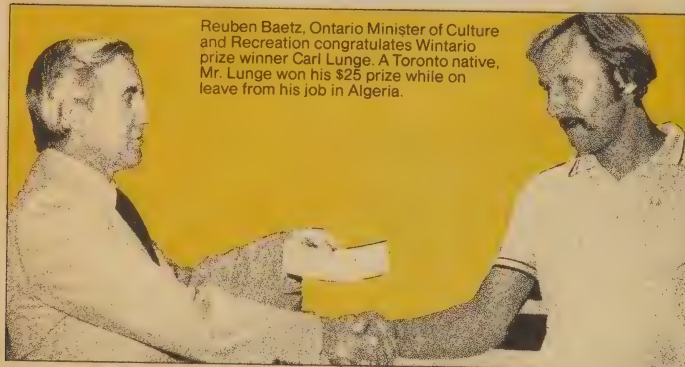
# The Winners' Circle

The one thing that all winners in Wintario and the Provincial seem to have in common is that they're all different! Winners come in every shape and size, from every occupation, and from every part of the Province. By the end of March of this year, there were more than 2.5 million people in Ontario who had held lucky tickets in Wintario or Provincial draws—that's one winner in every 3.4 people who live in the Province.

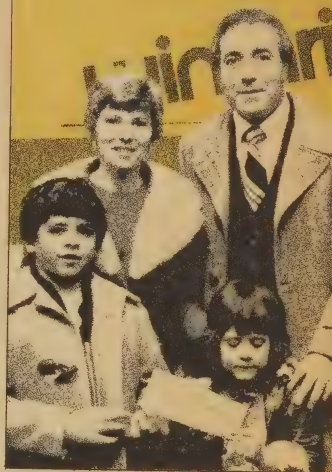
You won't have to look far to find a winner—just about everyone who plays Wintario or the Provincial has been, or knows a prize winner. And, of course, each of us benefits from the worthwhile programs which are funded by the lotteries, which is why we are able to say that we all win.

They say a picture is worth a thousand words, and, when it comes to those prize winning smiles, they're probably right!

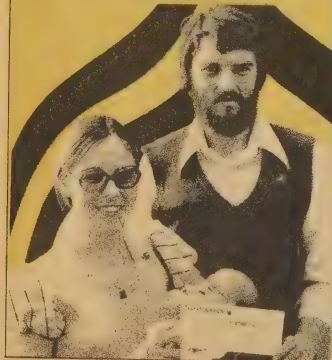
Rafaele Diliello, shown below with wife Ruth and children Vincent and Lisa, is a Wintario double winner; a Win'Fall winner in the March 2nd, 1978 Wintario draw. Mr. Diliello claimed his free book of tickets for the March 16th draw. One of these tickets brought the London family a \$10,000 prize.



Reuben Baetz, Ontario Minister of Culture and Recreation congratulates Wintario prize winner Carl Lunge. A Toronto native, Mr. Lunge won his \$25 prize while on leave from his job in Algeria.



For a young Collingwood family, the April 30, 1977 Provincial draw means a secure future. Ted Wall, shown below with wife Vicky and 4 week old daughter Devon, plans to invest his \$1 million prize, ensuring that money will always be there when his growing family needs it.



Almost half of the employees of Frank E. Dempsey and Sons Ltd., a Toronto chemical distribution firm, took October 31, 1977 off for a very good reason—they had won a \$1 million prize in The Provincial lottery the night before! The

group, who were back at work the next day, included, from the left, Carol Ann McDaniel, John McDonald, Frank Owen, Ron Matthers, Wilfrido Paragas, Barbara Wood, Karen Simpson, Shirley Jordan, Charles Clark and Evelyn Dempsey.



# Changes

The end of the third year of operation represents something of a "settling in" for the Ontario Lottery Corporation. In three short years Wintario has really become a part of the social fabric of the Province, but this has not been a year without change. The prize structure of Wintario had, in response to the desires of people who played the game, grown from one grand prize of \$100,000 to five prizes of that value. During the past year we made an adjustment to the prize structure which literally doubled the player's chance of winning a prize by introducing the Win'fall prize—a free book of five tickets for those

ticket holders having the correct first three digits of any of the five-digit grand prize winning numbers selected.

People who play Wintario had told us that they "worked just as hard" to get the first three digits correct as the last three—and we agreed. The change increased the chance of winning to 1 in 95.

While we were at work on Wintario, the Provincial was being transformed into its current monthly format with tickets good for two draws. As a result of those changes, the people who played the Provincial were given six chances at \$1 million

and 4 chances at \$100,000 as well as thousands of chances at all of the subsidiary prizes.

While these were the most public of the changes made at the Ontario Lottery Corporation, we were re-shaping things internally in response to the growth our lotteries have enjoyed over three years. Our Marketing and Distribution system was split into two areas of responsibility—allocating Wintario and Provincial tickets within the sales network had become a full-time job.

The story of that sales network is really a story of its own...

September, 1977...each Provincial ticket is now eligible for TWO draws.



June, 1977...Wintario players can collect a Win'fall prize for matching the first THREE digits.





# The Whole Picture

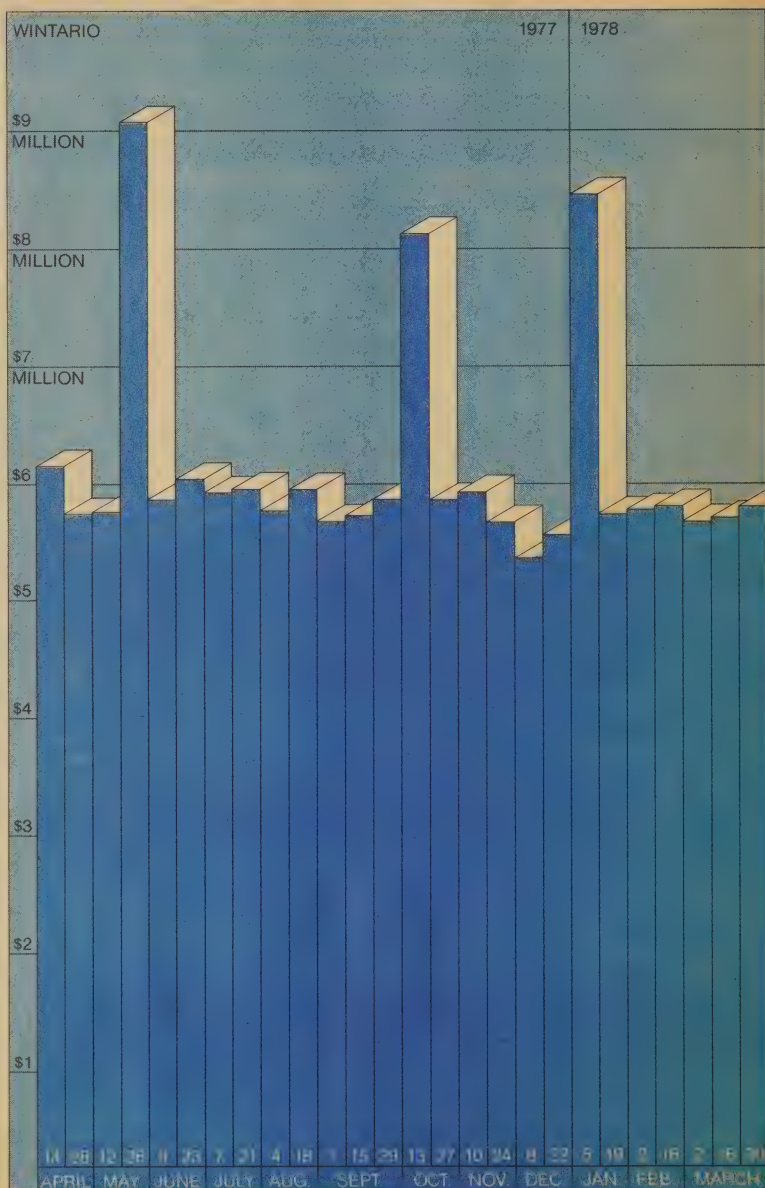
People who play Wintario and the Provincial are literally everywhere in Ontario—and to meet their needs, tickets have to be on sale from one end of this Province to the other! It's a task which involves 46 hard working distributors, and more than 21,000 retailers, but Mike Holroyde, Manager of Sales and Distribution, is proud to say, "No matter where you go in Ontario, you don't have to look hard to find a Wintario or Provincial ticket—you can count on us to be there!"

And they do count on us—not just the people who play our lotteries, but also the people who sell the tickets. Realizing 8¢ from each Wintario ticket and 25¢ from each Provincial ticket, small businessmen across Ontario have benefitted tremendously from these sales. Our retailers are as varied as our players. You can buy a Wintario or Provincial ticket from your barber, the family who run your corner milk store, the cashier at your favourite gas station! You might also buy a ticket from a service club volunteer—a number of them act as retailers to raise monies for their worthwhile causes.

The distributors serve as our link to these retail outlets and are charged with the responsibility of allocating tickets by sales trends within their areas. They are independent businessmen who receive a commission of 2-3¢ per Wintario ticket and 15¢ per Provincial ticket—and they meet their own operating expenses.

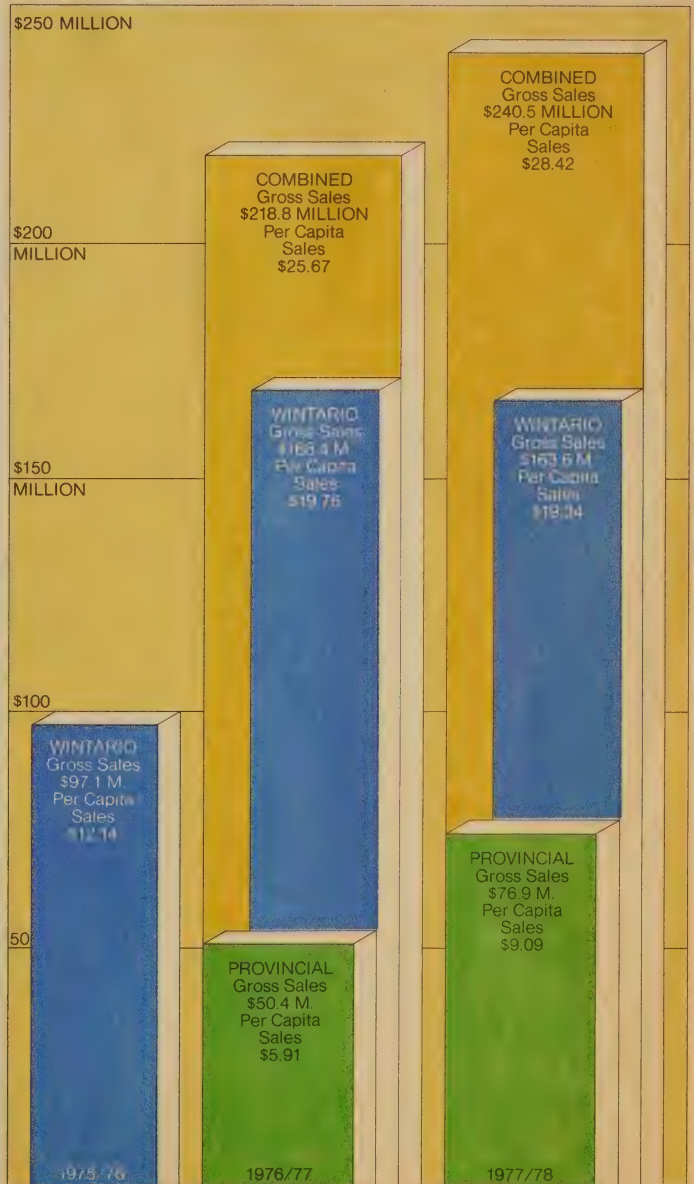
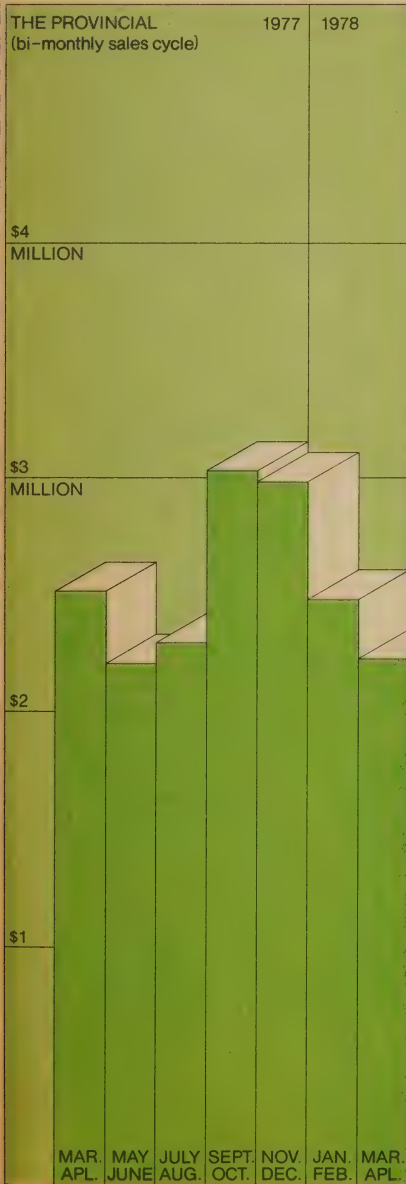
Distributors purchase their tickets from the Ontario Lottery Corporation, and they in turn, sell them to the retailers in their territory. And the retailers—of course—sell them to the people who play Wintario and the Provincial!

# The Net Sales





# The Gross and Per Capita Sales



# Who Are the Players?

As in past years, the Ontario Lottery Corporation participated in the February Gallup Poll which provides an annual opportunity to monitor the kinds of people who play Ontario's lotteries. Overall, this year's results are consistent with the previous two

—with the number of households participating in the games increasing for both Wintario and the Provincial.

Once again, it appears that income group has little to do with participating in Wintario or the Provincial: every group plays the game, with partici-

pation increasing as incomes rise.

The consistency of the results over a three-year period seems to show a healthy attitude towards Ontario's lotteries. All kinds of people from all sorts of places continue to enjoy playing Wintario and the Provincial!

## WINTARIO

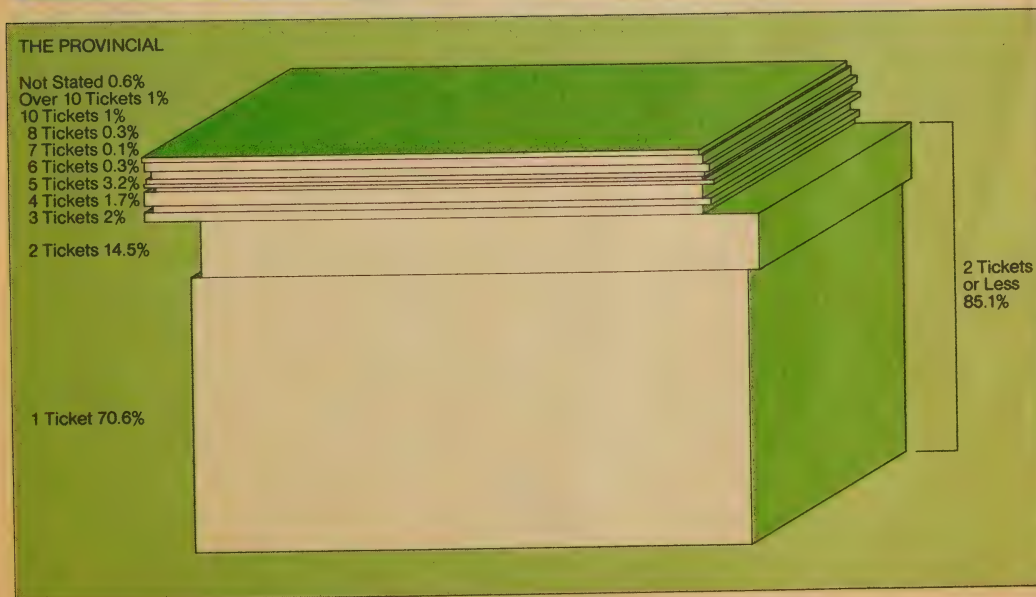
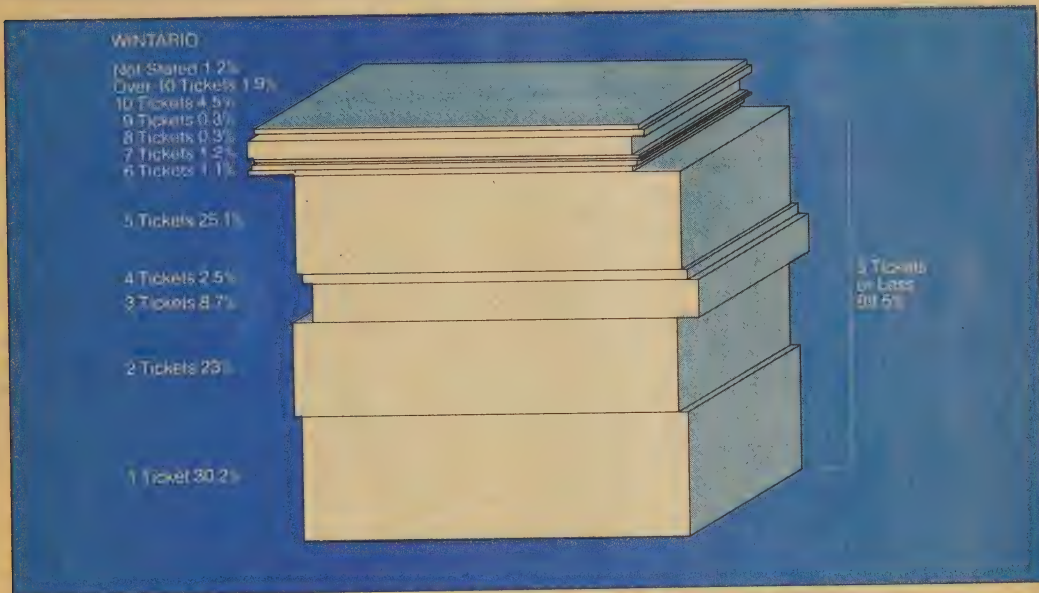


## THE PROVINCIAL



Source: Gallup Poll, February, 1978

# How Many Tickets Do They Buy?





# Where Do the Dollars Go?

## WINTARIO



## THE PROVINCIAL



# Ontario Lottery Corporation

(Incorporated without share capital under The Ontario Lottery Corporation Act, 1974)

## Balance Sheet

as at March 31, 1978

### Assets

	1978	1977
	\$	\$
Current assets		
Cash	7,519,379	10,021,767
Prize funds	9,497,975	8,809,225
Accrued interest	136,047	135,587
Accounts receivable	2,081,457	443,469
Prepaid expenses	3,587,020	3,484,917
	22,821,878	22,894,965

### Liabilities

Current liabilities		
Prize money unclaimed	9,497,975	8,809,225
Net profit due to the Treasurer of Ontario—Wintario (note 3)	1,517,614	2,366,049
Net proceeds due to the Treasurer of Ontario—The Provincial (note 4)	4,956,385	5,722,717
Accounts payable and accrued liabilities	827,640	1,683,223
Deferred income (notes 2a, 2d)	6,022,264	4,313,751
	22,821,878	22,894,965

See accompanying notes to financial statements.

On behalf of the Board:

  
Director  
Director

# Ontario Lottery Corporation

## Statement of Operations and Net Profit

Due to the Treasurer of Ontario—Wintario for the year ended March 31, 1978 (note 2a)

	1978	1977
	\$	\$
Lottery ticket sales	163,556,171	168,359,565
Less Commissions: Distributors	4,529,679	4,584,037
Retailers	13,084,494	13,468,765
	17,614,173	18,052,802
Net ticket sales	145,941,998	150,306,763
Prizes		
Cash	66,551,625	67,293,875
Win'fall prize issues	2,992,190	—
	69,543,815	67,293,875
Operating expenses		
Advertising	2,795,470	2,419,237
Ticket printing	2,958,998	2,815,174
Administration	1,818,061	2,035,563
Bonuses to retailers	351,350	289,400
	7,923,879	7,559,374
Total prizes and expenses	77,467,694	74,853,249
Operating income	68,474,304	75,453,514
Interest and other income	1,677,261	1,623,450
Net profit for the year	70,151,565	77,076,964
Net profit due to the Treasurer of Ontario, beginning of year	2,366,049	1,289,085
	72,517,614	78,366,049
Deduct: Payments to the Treasurer of Ontario on account of net profit (note 3)	71,000,000	76,000,000
Net profit due to the Treasurer of Ontario, end of year	1,517,614	2,366,049

See accompanying notes to financial statements.



# Ontario Lottery Corporation

## Statement of Operations and Net Proceeds

Due to the Treasurer of Ontario—The Provincial for the year ended March 31, 1978 (notes 2b, 2d)

	1978	1977
	\$	\$
Lottery ticket sales	76,875,265	50,432,665
Less Commissions: Distributors	2,306,578	1,470,180
Retailers	3,843,763	2,521,633
	6,150,341	3,991,813
Net ticket sales	70,724,924	46,440,852
Prizes (note 1)	37,972,742	27,648,618
Operating expenses		
Advertising	3,192,556	2,298,492
Ticket printing (note 1)	774,954	587,548
Administration	682,925	522,326
Bonuses to retailers	71,000	18,500
	4,721,435	3,426,866
Total prizes and expenses	42,694,177	31,075,484
Operating income	28,030,664	15,365,368
Interest income (note 1)	202,921	357,349
Net proceeds for the year	28,233,668	15,722,717
Net proceeds due to the Treasurer of Ontario, beginning of year	5,722,717	—
	33,956,385	15,722,717
Deduct payments to the Treasurer of Ontario (note 4)	29,000,000	10,000,000
Net proceeds due to the Treasurer of Ontario, end of year	4,956,385	5,722,717

*See accompanying notes to financial statements.*

# Ontario Lottery Corporation

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Office of the Provincial Auditor

To the Board of Directors  
of the Ontario Lottery Corporation  
and to the Minister of Culture  
and Recreation.

I have examined the balance sheet of the Ontario Lottery Corporation as at March 31, 1978, the statement of operations and net profit due to the Treasurer of Ontario—Wintario, and the statement of operations and net proceeds due to the Treasurer of Ontario—The Provincial for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1978 and the results of its operations for the year then ended in accordance with generally accepted accounting principles which, except for the change in accounting for the Provincial draw as referred to in note 2(d) to the financial statements, have been applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Corporation and to the Minister.

Toronto, Ontario,  
June 15, 1978.

F.N. Scott, C.A.,  
Provincial Auditor.

# Ontario Lottery Corporation

## Notes to Financial Statements

March 31, 1978

### 1. The Provincial

Pursuant to section 7(b) of The Ontario Lottery Corporation Act, 1974, the Corporation was authorized by the Lieutenant Governor in Council to enter into agreements with other provinces regarding an interprovincial lottery scheme. The Provincial lottery is a joint undertaking by Ontario and the four western provinces acting through the Interprovincial Lottery Corporation, a company incorporated under the Canada Business Corporations Act, the shares of which are held by Her Majesty the Queen in right of the respective provinces.

The Ontario Lottery Corporation is the Regional Marketing Organization for The Provincial in Ontario, and the Western Canada Lottery Foundation is the Regional Marketing Organization for The Provincial in the four western provinces.

Each of the above two Regional Marketing Organizations purchases tickets for The Provincial from the Interprovincial Lottery Corporation. The cost of tickets is essentially composed of the related cost of prizes and ticket printing less relevant interest earnings of the Interprovincial Lottery Corporation. Ontario's share of the interest earnings of the Interprovincial Lottery Corporation are recorded as received in interest income. Such interest earnings were first received in the 1977-78 fiscal year and totalled \$769,083 for the year.

### 2. Accounting Policies

#### (a) Wintario operations

All income and expenses related to the 26 biweekly Wintario lotteries (1977-26) held from April 14, 1977 to March 30, 1978 inclusive are included in the statement of operations and net profit due to the Treasurer of Ontario. Net receipts from the sale of tickets for the lottery held on April 13, 1978 have been treated as deferred income.

#### (b) The Provincial operations

All income and expenses related to the sales of The Provincial in Ontario from April 1, 1977 to the draw held on March 27, 1978 are included in the statement of operations and net proceeds due to the Treasurer of Ontario—The Provincial.

#### (c) Fixed assets

Fixed asset purchases are written off to operations at the time of acquisition.

#### (d) Change of policy

The prior year's statement of operations included receipts collected up to March 31, 1977 for the April 30, 1977 bimonthly Provincial draw amounting to \$6,548,185 and the related costs of \$3,452,024. For the current year similar receipts and costs for the monthly April 30, 1978 draw, amounting to \$2,203,400 and an estimated \$1,361,500 respectively, have been excluded from the statement of operations. The receipts of \$2,203,400 and expenses of \$1,361,500 are included as deferred income and prepaid expenses respectively on the balance sheet.

### 3. Net Profits—Wintario

Pursuant to section 9 of The Ontario Lottery Corporation Act, 1974, the net profits of the Corporation, after provision for prizes and the payment of expenses and operations, are paid into the Consolidated Revenue Fund of the Province of Ontario.

### 4. Net Proceeds—The Provincial

Pursuant to Order in Council 3034/76, all moneys attributed to or accruing to Ontario from The Provincial, after providing for prizes and the payment of operating expenses, are paid into the Consolidated Revenue Fund of the Province of Ontario, to be held in trust.

### 5. Anti-Inflation Legislation

Pursuant to the terms of an agreement between the Province of Ontario and the Government of Canada, the Corporation is subject to controls on compensation instituted by the Government of Canada in the Anti-Inflation Act, effective October 14, 1975.

Parliament Buildings  
Queen's Park  
Toronto Ontario  
M7A 1A2



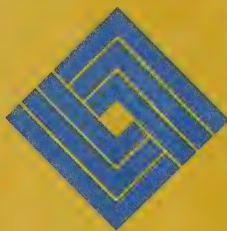
*The Ontario Lottery Corporation is a Crown Corporation established on February 7, 1975, by an Act of the Ontario Legislature to develop and manage lotteries within the Province.*

*Through the Ministry of Culture and Recreation, funds from Wintario are used to promote physical fitness, sports and cultural activities and through the Ministries of Health, Environment and Labour, funds from the Provincial are used for health research and social service projects, thereby contributing to the overall quality of life in Ontario.*

*That is why we say, "with Wintario we all win," and why the Provincial is a "better chance for everyone."*

*The symbol of the Corporation is a stylized combination of the letter "O" for Ontario and the letter "L" for Lottery.*

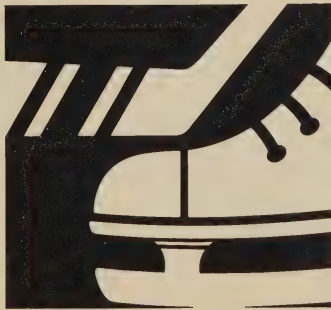
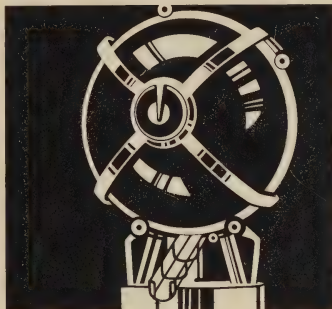
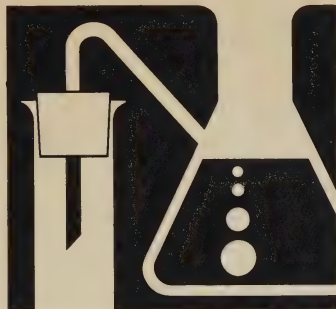
*Together they are descriptive of the Ontario Lottery Corporation and its efforts to enable Ontarians to participate in the fun and excitement of a provincial lottery, while at the same time, contributing to a wide variety of worthwhile activities across the Province.*



# ONTARIO LOTTERY CORPORATION

## ANNUAL REPORT 1978/79

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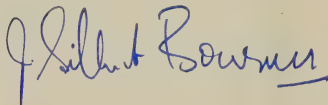


December 21, 1979  
The Honourable Reuben Baetz  
Minister of Culture and Recreation  
6th Floor  
77 Bloor Street West  
Toronto, Ontario

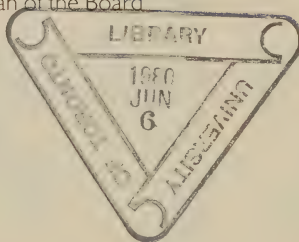
Dear Mr. Baetz:

Pursuant to the provisions of the Ontario Lottery Corporation Act, I have the pleasure of presenting to you the fourth annual report of the Ontario Lottery Corporation for the year ending March 31, 1979.

Yours very truly,



J. Gilbert Bowness,  
Chairman of the Board





# BOARD OF DIRECTORS



J. Gilbert Bowness



Donald J. MacLean, C.L.U.



David B. Daubney, B.A., LL.B.

J. Gilbert Bowness,  
Chairman, North Bay  
Feb. 17, 1979 to Feb. 16, 1982

Donald J. MacLean, C.L.U.,  
Vice-Chairman, Willowdale  
Feb. 17, 1979 to Feb. 16, 1982

David B. Daubney, B.A., LL.B. Ottawa  
Feb. 17, 1979 to Feb. 16, 1982

Harold Freeman, C.A., Toronto  
Feb. 17, 1975 to Feb. 16, 1980

Fern Guindon, Cornwall  
Feb. 17, 1975 to Feb. 16, 1982

Aranka E. Kovacs, Ph.D., Windsor  
Feb. 17, 1975 to Feb. 16, 1980

Gaetanne Lamontagne, Moonbeam  
Feb. 17, 1979 to Feb. 16, 1982

E. Marshall Pollock, Q.C.  
Managing Director, Toronto

Edward Rigby, D.D., Burlington  
Feb. 17, 1975 to Feb. 16, 1982



Harold Freeman, C.A.



Fern Guindon



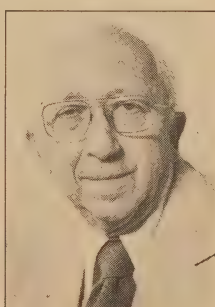
Aranka E. Kovacs, Ph.D.



Gaetanne Lamontagne



E. Marshall Pollock, Q.C.  
Managing Director



Edward Rigby, D.D.

## Senior Staff Members

Managing Director  
E. Marshall Pollock, Q.C.

Manager, Draws &  
Community Relations  
Barbara E. Jesson

Manager, Sales & Distribution  
J. Michael Holroyde

Manager, Finance & Administration  
Adam J. Hawkins, R.I.A.

# CHAIRMAN'S REPORT

It's traditional at financial year end to contemplate past achievements — at the same time viewing the future with fresh inspiration and vigour at new opportunities on the horizon.

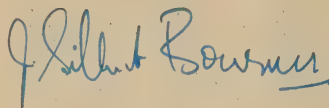
This year Corporation profits of \$76 million will swell funds turned over to the Consolidated Revenue Fund to be made available for cultural, recreational and medical grants, to \$290 million.

New landmarks have sprung up throughout the province as visible evidence of lottery profits. Community centres, libraries, and sports arenas provide opportunities for everyone to share in the success of the lotteries. Heritage, fitness and medical grants allow Ontario residents to expand their own horizons — a prime aim of the introduction of lotteries through the Ministry of Culture and Recreation.

Looking ahead to this coming year, the scene is already being set for an eventful performance beginning with successful negotiations with the federal government resulting in the transfer of Loto Canada to provincial administration. Exciting improvements to existing games are on the drawing board too, responding to public wishes for more active lotteries.

In this, my first year as Chairman of the Board, may I express my pride and appreciation for being given the chance to serve an organization dedicated to the growth and opportunity of our province's most valuable assets: its people.

That "we all win" is demonstrated throughout the length and breadth of the province as lottery profits are translated into tangible reminders for us and future generations to enjoy.



J. Gilbert Bowness  
Chairman of the Board  
December, 1979

# MANAGING DIRECTOR'S REPORT

This past year has been the most challenging in the four year history of the Ontario Lottery Corporation. Increased competition and more sophisticated game design requirements have provided stimulating catalysts for continuing creative marketing policies and game innovation.

Total revenues of over \$235 million reflect that the Corporation has passed through its first phase of rapid growth and expansion, and has entered a levelling-off period. Back in 1975 when the Corporation took its first young steps, no one could predict the kind of growth that the enthusiastic public would inspire. Our next phase, however, will see a strengthening of all of the lotteries and the expansion into new fields.

WINTARIO, Ontario's first lottery, remains a popular performer with a unique personality. Revenues for this bi-weekly game topped \$138.1 million. More than 2 million prizewinners won \$66.2 million, while \$49.8 million in proceeds was generated for distribution by the Ministry of Culture and Recreation.

As testimony to every province's co-operation, the PROVINCIAL lottery also passed another milestone. It became a truly nationwide undertaking when Quebec and the Atlantic Provinces joined in. With sales of over \$85.2 million, the Provincial increased its revenues by \$8.4 million over last year. Ontario's share of the net proceeds amounted to \$22 million.

Sensitivity toward changing trends and attitudes is of paramount importance to any organization in order to ensure a successful future. The application of this theory resulted in the launch of the Corporation's third game, LOTTARIO, which stepped into the spotlight in November, 1978. It offered players a distinctly different way to play. The advertising theme, "You don't just buy a ticket, you play it" describes its participatory features. Tickets totalling \$11.7 million were sold in the first 5 months' operations with \$6 million distributed to prizewinners.

At the federal/provincial level, accord was reached in October, 1978 clearly defining areas of lottery jurisdiction. The federal government agreed to confine its activities to games selling \$10 tickets and above, leaving the provinces to administer all those selling tickets below that amount. The agreement was a prelude to further negotiations which ultimately transferred all lottery administration to the provinces, fulfilling a federal commitment.

The financial success of the Corporation manifests itself in a variety of ways for all who live in the province to enjoy.

Our success is, indeed, everyone's success. And as we enter our fifth year, we express our thanks for the support of our millions of players, the hardworking sales and distribution network, and all those who share in the worthwhile projects the profits fund. We are optimistic that the benefits bestowed by our lotteries in the areas of sports, culture, health and social services will continue to enhance the quality of life of all who live in this province.



E. Marshall Pollock, Q.C.  
Managing Director  
December, 1979



# THERE'S NO BUSINESS LIKE SHOW BUSINESS

There's no business like show business... so goes the song. And Ontario communities in every county and district seem to echo that sentiment as they invite the Wintario draw show to share in local celebrations.

From Wellesley's Apple Butter and Cheese Festival to the Mardi Gras Carnival d'hiver in Sturgeon Falls, Wintario was there.

"While we can't say we've been everywhere," says Barbara Jesson, Manager of Draws and Community Relations, "with the kind of community support we continue to get, someday we will."

Fred Davis and Faye Dance, the Wintario TV show's co-hosts, find the welcome they receive in each community remarkable. "But it's only part of the excitement," says Fred. "Live television is always a thrill, and our involvement in the many local events adds to the 'down home' feeling of many Wintario draws". Faye loves the atmosphere generated by live audiences and says their enthusiasm is unflagging. Recalling the largest audience in Wintario draw history, she says, "More than 2500 people turned out for the show in Watford last September. We never did figure that out, because the town's population is 1300!"

As Global TV's highest rated locally produced program, the Wintario draw reaches about half a million people over its network every other week. But being the only travelling live television program of its kind in North America, it has provided some unusual challenges.

One of the most complicated was when the Chi-Cheemaun ferry chugged into action to ship 10 tons of equipment, a 42 foot mobile television unit and a crew of more than 30 people across Georgian Bay for a draw in Manitoulin Island.

With invitations steadily arriving in the mail each week, some for as far in advance as 1982, the resounding cry we hear is: "Let's go on with the Show."



Since our last report, Wintario has visited the following locations:

## 1978

- W** September 14 — Watford Community Arena, Watford, Ontario
- W** September 28 — Wellesley Arena, Wellesley, Ontario
- W** October 12 — Almaguin Highlands Secondary School, South River, Ontario
- W** October 26 — Imperial Ballroom, Nobleton, Ontario
- W** November 9 — Duncan McIntosh Centre, Cambridge, Ontario
- W** November 23 — Parkside Collegiate Institute, St. Thomas, Ontario
- W** December 7 — Renfrew Collegiate Institute, Renfrew, Ontario
- W** December 21 — Toronto Ballroom, Hotel Toronto, Toronto, Ontario

## 1979

- W** January 4 — Uxbridge Secondary School, Uxbridge, Ontario
- W** January 18 — Northern Secondary School, Sturgeon Falls, Ontario
- W** February 1 — Huntsville Secondary School, Huntsville, Ontario
- W** February 15 — Union Centre, Thorold, Ontario
- W** March 1 — North Hastings High School, Bancroft, Ontario
- W** March 15 — Listowel District Secondary School, Listowel, Ontario
- W** March 29 — Simcoe Composite School, Simcoe, Ontario

Since our last report, The Provincial has visited the following locations:

#### 1978

**P** September 24 — Erindale College, Mississauga, Ontario

**P** October 29 — Wenjack Theatre — Trent University, Peterborough, Ontario

**P** November 26 — Alumni Hall — University of Western Ontario, London, Ontario

**P** December 31 — Georgian College Theatre, Barrie, Ontario

#### 1979

**P** January 28 — Le Centre Culturel Franco Manitobain, St. Boniface, Manitoba

**P** February 25 — Duncan McArthur Hall — Queen's University, Kingston, Ontario

**P** March 25 — Port Hope High School, Port Hope, Ontario

**P** April 29 — Sarnia Township Arena, Sarnia, Ontario

- W** April 12 — W.B. George Centre, Kemptville, Ontario
- W** April 26 — St. Marys Area Arena and Community Centre, St. Marys, Ontario
- W** May 10 — Markham Centennial Centre, Markham, Ontario
- W** May 24 — Hawkesbury Recreation Centre, Hawkesbury, Ontario
- W** June 7 — Haileybury School of Mines, Haileybury, Ontario
- W** June 21 — Seaforth Community Centre, Seaforth, Ontario
- W** July 5 — Gravenhurst Centennial Centre, Gravenhurst, Ontario
- W** July 19 — Milton Sports Centre, Milton, Ontario
- W** August 2 — Banting Memorial High School, Alliston, Ontario
- W** August 16 — Winona Park, Winona, Ontario
- W** August 30 — Tim Horton Arena, Cochrane, Ontario

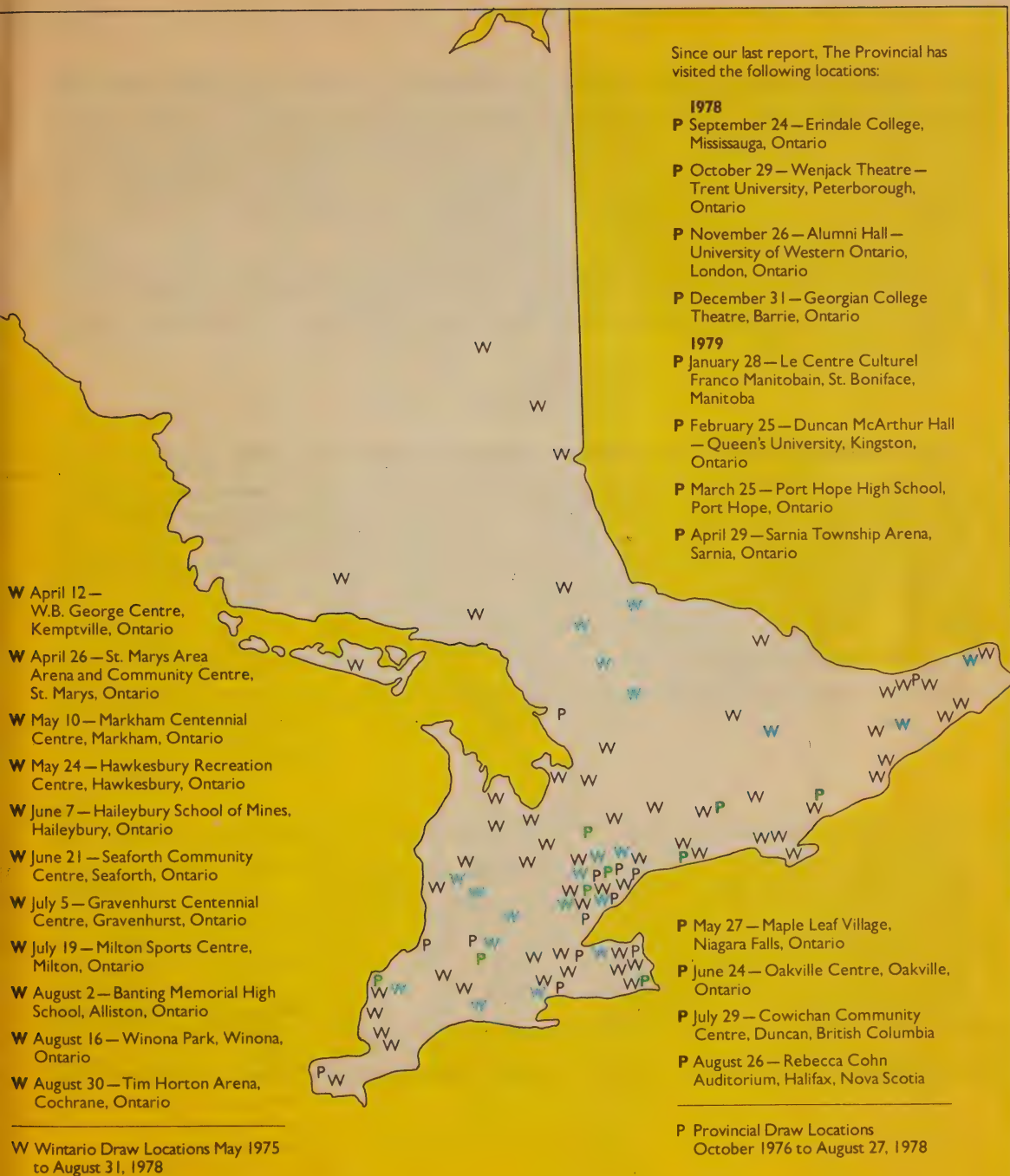
**P** May 27 — Maple Leaf Village, Niagara Falls, Ontario

**P** June 24 — Oakville Centre, Oakville, Ontario

**P** July 29 — Cowichan Community Centre, Duncan, British Columbia

**P** August 26 — Rebecca Cohn Auditorium, Halifax, Nova Scotia

**P** Provincial Draw Locations  
October 1976 to August 27, 1978



**W** Wintario Draw Locations May 1975 to August 31, 1978



# A DAY IN THE LIFE OF A DRAW

29



Getting there is half the fun say the Global TV and Ontario Lottery crews who travelled almost 12,500 kilometers during the year.

30 crew members set up several tons of equipment prior to each draw.

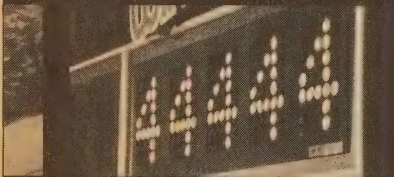
Lively community entertainment gets the audience into the right mood for the excitement of a live television draw.



Technical director and staff prepare for province-wide live television show.

Lights, camera... action.

Faye Dance gets some help from Toronto Blue Jays' Dave McKay (centre) and Bob Bailor (right) who activated machines.



And the winner is...

After each draw, members of the host community have the chance to talk with members of the Wintario travelling road show.

Next stop... your town?



# MORE WINNING WAYS

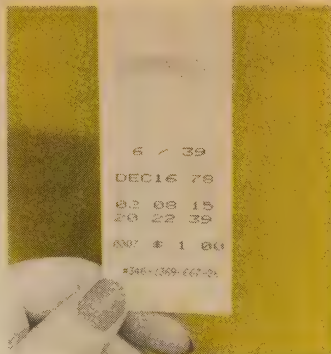
Take one dollar, choose your own six lucky numbers, mix gently — and what do you get? Lottario, our newest game. Just as our advertising theme says, you don't just buy a ticket, you play it!

Introduced in November 1978, Lottario is reminiscent of European lotto-type games, which are, interestingly enough, among the world's oldest form of lottery.

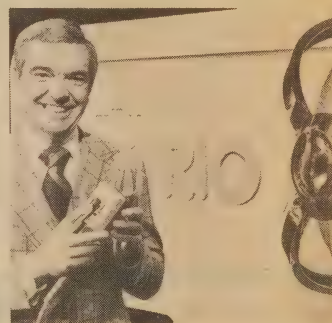
The Jackpot prize pool accumulates each week if unclaimed and in April of this year, it reached what we believe to be a world record prize of \$1.3 million before being claimed.



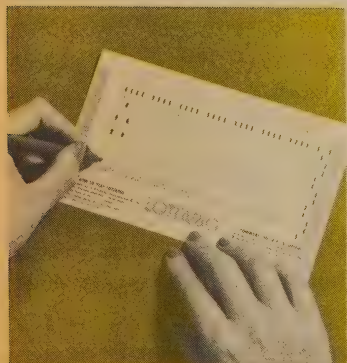
Culture and Recreation Minister Reuben Baetz (right) discusses with Marshall Pollock, Managing Director (centre) and Barbara Jesson, Manager of Draws and Community Relations of the Ontario Lottery Corporation how numbers are recorded via a network of more than a thousand computer terminals in Ontario.



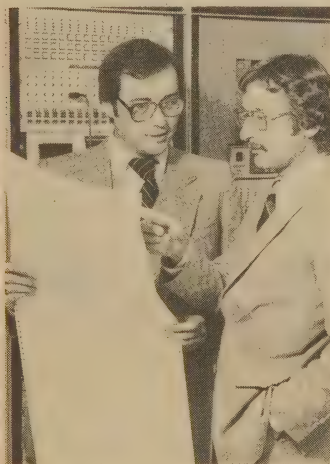
Your receipt becomes your ticket in the Lottario draw.



Bill Lawrence hosts the "Jackpot Saturday Night" TV spot where six numbers and a single bonus number are selected.



Mark your six lucky numbers on a Lottario slip from the 39 numbers provided at your local retailer.



Adam J. Hawkins (right), Ontario Lottery Corporation Manager of Finance and Administration, discusses with Nick Wenzler, Accounting Systems Analyst at the Lottario Data Centre, how within minutes your selection is recorded by computer.

6 Numbers in any order	JACK POT
5 Numbers in any order plus Bonus Number	2nd Prize
5 Numbers in any order	3rd Prize
4 Numbers in any order	4th Prize
3 Numbers in any order	5 Dollars

Half of all ticket revenues are returned as prizes, using a parimutuel prize pool breakdown. This means individual prizes — with the exception of \$5 fixed prizes — will vary weekly depending on the number of winners, and the number of tickets sold.

# CALENDAR OF CHANGES

During the past year, both Wintario and the Provincial underwent several major changes which have resulted in the current prize structure.

## PROVINCIAL

## WINTARIO

### SEPTEMBER 1978

Quebec joined Ontario and Western Provinces in the Provincial game

Instant prizes became part of ticket design and

Chances at 10 \$1 million prizes introduced

Thousands more prizes available

Odds improved 1:4

### JANUARY 1979

Atlantic Provinces join Provincial to make it truly national lottery

### FEBRUARY 1979

Chances doubled to 1:41

\$10 prizes introduced for first three, middle three and last three digits

New Win'fall prize selection process

### MARCH 1979

Super Prize instant \$1000 prize introduced.



# BONUS DRAWS

Every year a small number of Wintario and Provincial prizes remains unclaimed for a variety of reasons. Some tickets are put in a "safe place" only to be forgotten; others take unfortunate trips through a washing machine; while some are even thrown out. But according to Corporation regulations, a prize — like a leopard and its spots — cannot change. The money accumulated — while a small percentage, indeed — can certainly add up during the year winners have to claim their prizes, so it's returned to the public in the form of bonus prizes drawn periodically.

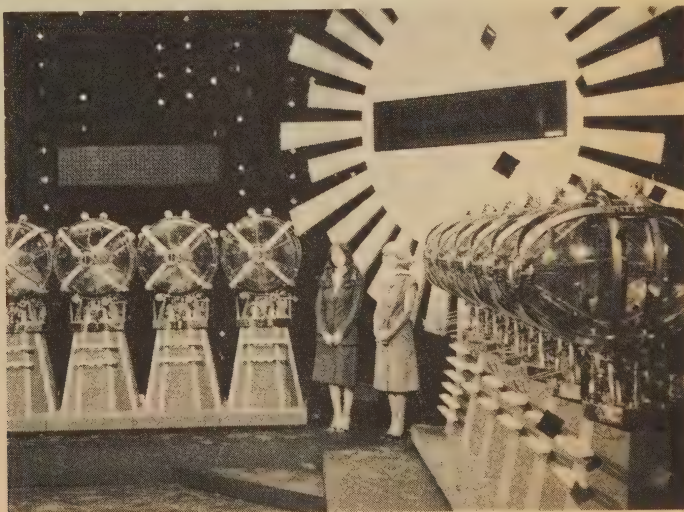
During our last operating year four Wintario bonus draws for a total of \$5.3 million were held: August 31 in Wilberforce; November 23, 1978 in St. Thomas; January 4, in Uxbridge; and March 1, 1979, in Bancroft.

The Provincial returned \$3.6 million in its three bonus draws held on July 30 in Bala; September 24, 1978 in Mississauga and February 25, 1979 in Kingston.



*Happy 100th Birthday, Wintario. Bancroft, also celebrating its centennial, hosted the largest Wintario draw ever. 5 \$100,000 bonus draws joined the regular 5 grand prizes of \$100,000. Shown cutting the Wintario birthday cake are Ontario Lottery Corporation*

*representatives (l. to r.): J. Gilbert Bowness, Chairman; E. Marshall Pollock, Managing Director; Barbara Jesson, Manager of Draws and Community Relations; and TV personalities, Faye Dance and Fred Davis.*



*A race between Provincial draw machines in Bala boosts excitement for bonus prize draws of \$20,000 and \$10,000.*



# PRIZE OFFICE REPORT

(as of August 29, 1979)

It's not too surprising that 72% of Wintario players have either won a prize or know someone that did, considering 4,994,000 prizes have been generated since it began.

The Provincial offers two ways to win: via monthly draws for 45,000 prizes and "on the spot" instant prizes. Since October, 1976, a total of 3,727,000 prizes have been awarded.

And five month old Lottario has brought its share of happiness to another 402,997 winners.

Though winners may still claim cash prizes at the Prize Office, or by registered mail, the Canadian Imperial Bank of Commerce will now redeem Wintario and Provincial prizes up to \$1000. You may also claim Win'fall and \$10 Wintario prizes from participating retailers during the two weeks after each draw. Provincial instant prizes up to \$100 may be claimed from retailers, while Lottario agents will validate all winning Lottario tickets, cashing in those valued up to \$100. Major prizes in all games, however, must be redeemed personally through the Prize Office.

Wintario Draw Date	Available No. of Prizes	Value of Prizes Deposited	Percentage Paid Out
April 13, 1978	62,370	\$ 2,505,600	96.58%
April 27, 1978	65,205	2,597,400	90.38%
May 11, 1978	65,205	2,597,400	92.63%
May 25, 1978	62,370	2,505,600	88.13%
June 8, 1978	62,370	2,505,600	89.44%
June 22, 1978	62,370	2,505,600	90.98%
July 6, 1978	62,370	2,505,600	77.45%
July 20, 1978	62,370	2,505,600	82.15%
August 3, 1978	62,370	2,505,600	75.16%
August 17, 1978	56,700	2,322,000	87.27%
August 31, 1978	90,820	4,423,600	78.35%
September 14, 1978	56,700	2,322,000	86.11%
September 28, 1978	56,700	2,322,000	84.70%
October 12, 1978	56,700	2,322,000	89.32%
October 26, 1978	51,030	2,138,400	93.89%
November 9, 1978	53,865	2,230,200	92.11%
November 23, 1978	116,640	4,904,400	70.67%
December 7, 1978	51,030	2,138,400	93.49%
December 21, 1978	53,865	2,230,200	92.86%
January 4, 1979	116,640	4,904,400	69.70%
January 18, 1979	51,030	2,138,400	94.28%
February 1, 1979	138,915	2,697,300	90.47%
February 15, 1979	138,915	2,697,300	90.07%
March 1, 1979	254,880	5,257,800	73.20%
March 15, 1979	132,300	2,592,000	90.43%
March 29, 1979	132,300	2,592,000	88.16%

Provincial Draw Date	Available No. of Prizes	Value of Prizes Deposited	Percentage Paid Out
April 30, 1978	21,000	\$4,966,500	93.68%
May 28, 1978	20,000	4,880,000	73.15%
June 25, 1978	20,500	4,918,750	91.56%
July 30, 1978	28,980	6,123,600	90.92%
August 27, 1978	20,500	4,918,750	91.63%
September 24, 1978	30,001	7,825,000	82.94%
October 29, 1978	43,000	7,103,500	96.77%
November 26, 1978	47,500	7,362,250	92.89%
December 31, 1978	50,500	7,522,750	76.93%
January 28, 1979	47,500	7,317,250	93.21%
February 25, 1979	42,501	8,136,750	70.76%
March 25, 1979	43,500	7,151,250	79.72%

Lottario Draw Date	Available No. of Prizes	Value of Prizes Deposited	Percentage Paid Out
November 18, 1978	5,125	\$150,870.40	87.18%
November 25, 1978	10,128	125,532.20	95.43%
December 2, 1978	12,313	151,864.90	94.79%
December 9, 1978	10,862	180,267.20	94.31%
December 16, 1978	16,700	197,480.20	97.07%
December 23, 1978	15,500	211,298.10	94.73%
December 30, 1978	12,743	210,123.86	96.20%
January 6, 1979	17,397	237,545.94	96.99%
January 13, 1979	21,157	278,228.80	96.63%
January 20, 1979	26,534	314,930.30	96.61%
January 27, 1979	26,967	338,011.90	99.23%
February 3, 1979	20,632	303,262.30	97.19%
February 10, 1979	15,356	329,021.00	98.36%
February 17, 1979	23,271	353,868.10	98.74%
February 24, 1979	32,911	351,868.20	93.84%
March 3, 1979	24,636	377,447.00	96.13%
March 10, 1979	31,570	401,064.00	97.63%
March 17, 1979	27,836	434,850.30	97.18%
March 24, 1979	25,653	454,293.50	96.32%
March 31, 1979	25,706	516,063.50	98.23%

# AND THE WINNERS ARE ....

## Wintario



John Cromie of Windsor picks up a \$10,000 prize. Congratulating him is Prize Office Supervisor, Kim Moritsugu, who is responsible for disseminating both information and prize cheques.



Ben and Collette Goulet came to the prize office from Vanier, to collect their \$10,000 Wintario prize.



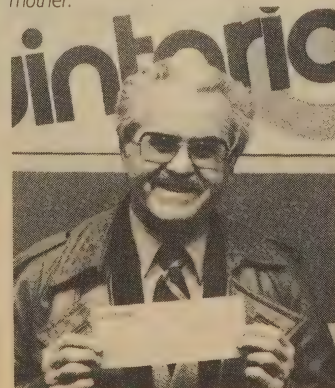
Previous winners of \$100,000, Gwen and Eldon Reid collected another \$10,000 Wintario win.



Belleville co-workers (left to right) David Blair, Eleanor Graham, Karen Goodchild, Deborah Davis and John Bailey picked up their million dollar Provincial prize. They joined the ranks of the 44 new millionaires the lottery created.



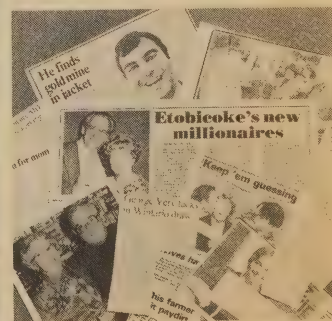
You can't blame Dan Smith of Sault Ste. Marie for making the 'victory' sign. He had just picked up his Wintario prize of \$16,882.50, which he shared with his mother.



Toronto man, Michael Sportun won a \$10,000 Wintario prize after his son, Bob, pushed the button 222 kilometers away in Huntsville at the Wintario draw.



Mr. and Mrs. Edward Campbell from Ottawa picked up the first Wintario jackpot of \$643,230.90. They were among 35,000 winners to visit the prize office.

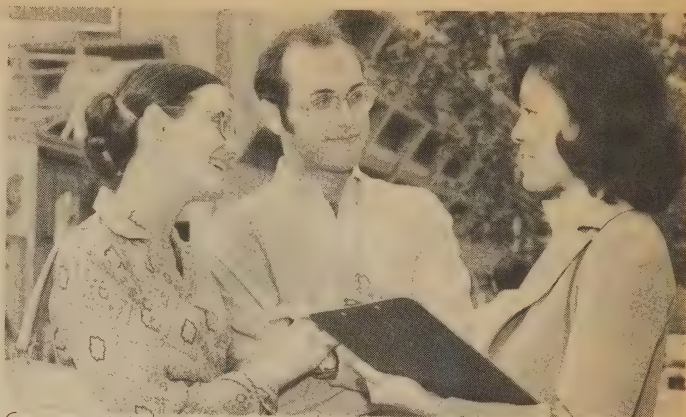


News media are advised of all winners' names to ensure the integrity of games administered by the Ontario Lottery Corporation.



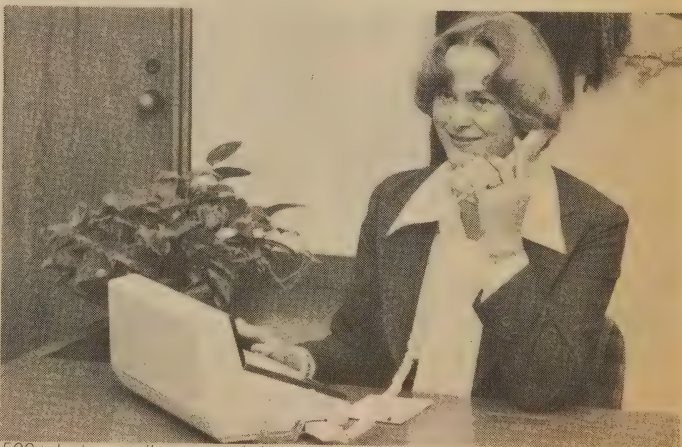
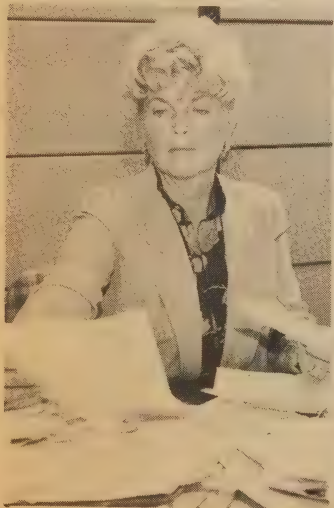
# FEEDBACK

When we make a change to a lottery game, it's generally because you tell us to. If you say you want more prizes, that's what we give you. A more active kind of lottery? It's done!

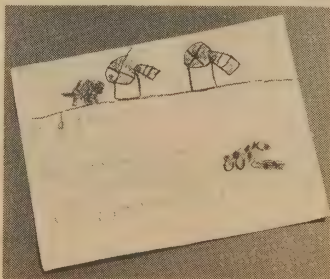


Consumer input plays an important role in the success of our games. Research teams constantly monitor public opinion.

Many of the 800 pieces of mail that are received daily contain valuable suggestions for improvements to our games. All are considered and responded to.



500 telephone calls come in daily—and each receives an individual response.



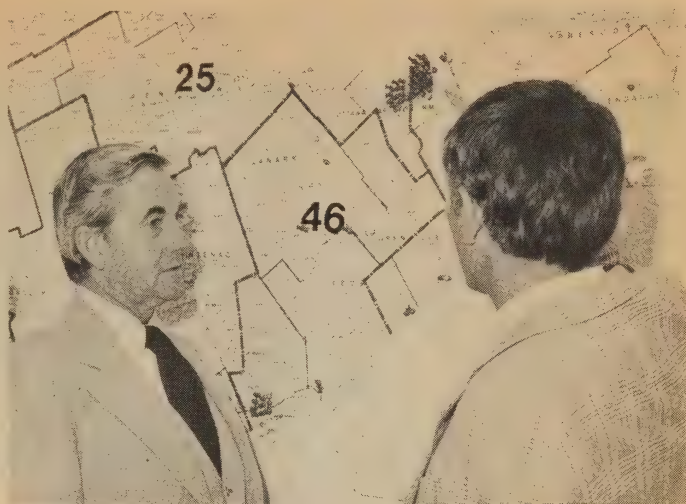
"A dog ran into a lottery" writes one young fan. Keep those cards, letters and telephone calls coming—You are the most important element in the games.



# THE MARKETPLACE

When you buy your lottery tickets at your local retailer, you probably don't give too much thought as to how those tickets get there.

Not so Mike Holroyde, the Corporation's Manager of Sales and Distribution, who is responsible for tickets being available when you want them and where you want them.



Culture and Recreation Minister Reuben Baetz discusses with Mike Holroyde the critical distribution process, which last year dispersed

167 million tickets. 46 independent distributors receive 2-3c for each Wintario ticket, 15c for each Provincial ticket sold.

Your retailer, one of a 22,000 province-wide network, receives 8c on each Wintario ticket, 25c for each Provincial ticket and 5c for every Lottario ticket sold.



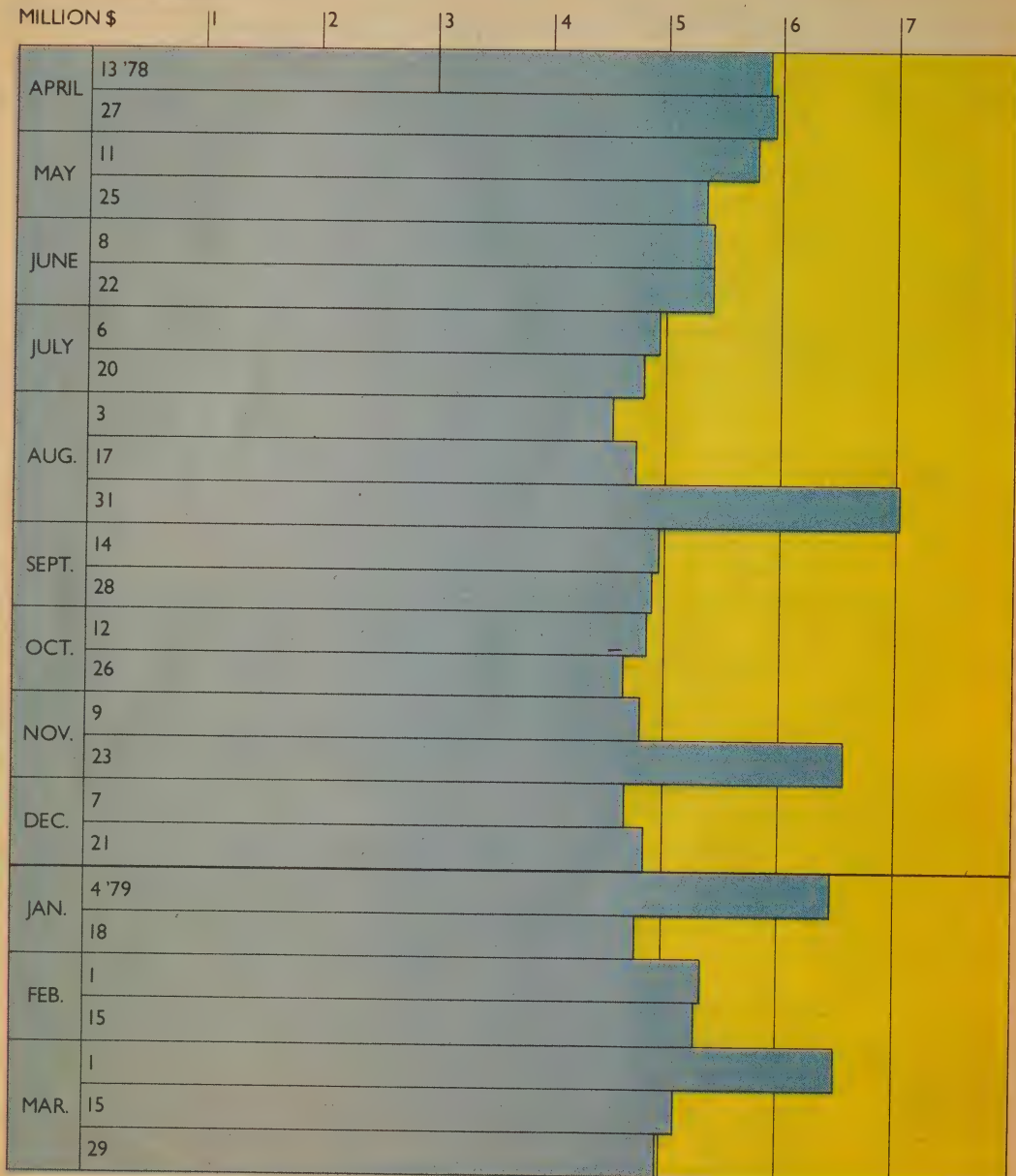
Retailers who sell major prize winning tickets receive bonus cheques. Here Ken Phillipson (left) receives \$1000 cheque from distributor, Gordon Dean.

Just another dimension to the winning picture which saw \$21.5 million in commissions pass to distributors and retailers last year.

# THE NET SALES

**WINTARIO 1978/79**

MILLION \$



## PROVINCIAL 1978/79

MILLION \$

5

10



## LOTTARIO 1978/79

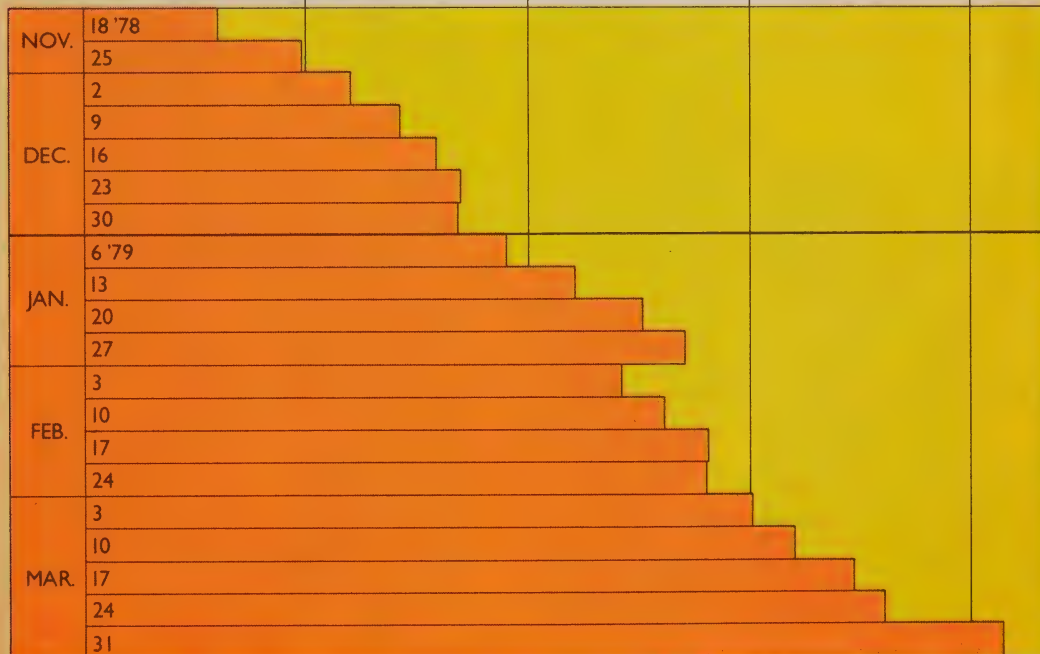
THOUSAND \$

250

500

750

1 MILL.





# THE GROSS & PER CAPITA SALES

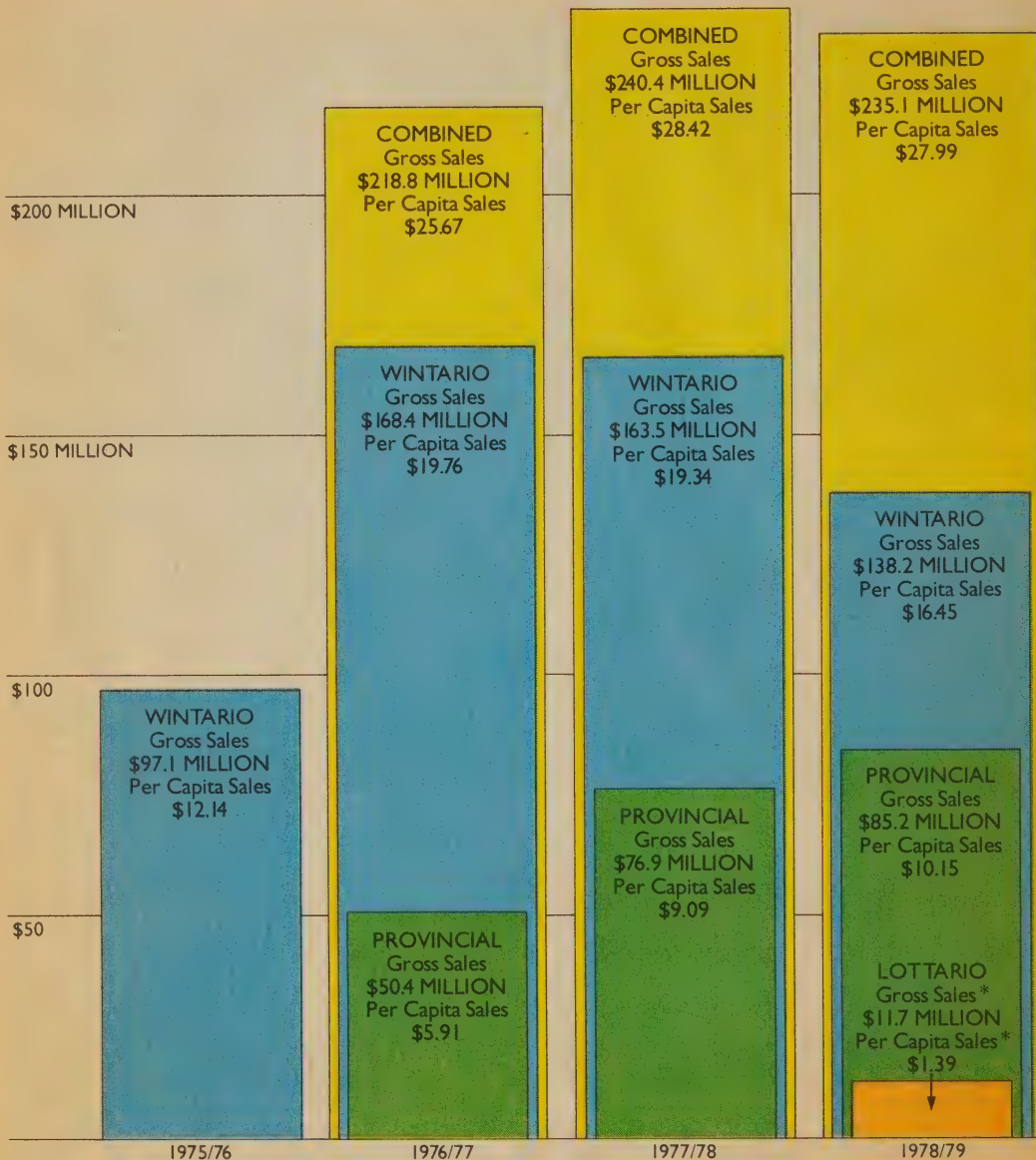
\$250 MILLION

\$200 MILLION

\$150 MILLION

\$100

\$50

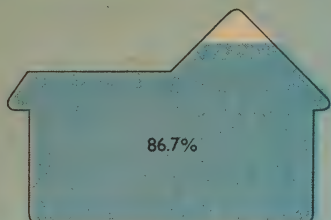


\*20 week period

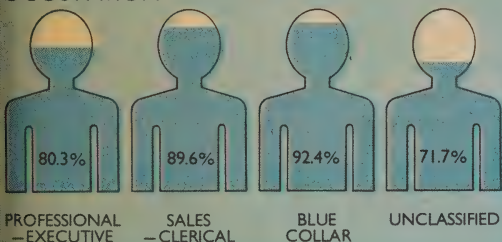
# WHO ARE THE PLAYERS

## WINTARIO

### HOUSEHOLDS



### OCCUPATION



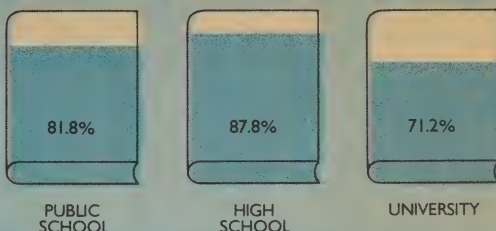
PROFESSIONAL  
- EXECUTIVE

SALES  
- CLERICAL

BLUE  
COLLAR

UNCLASSIFIED

### EDUCATION

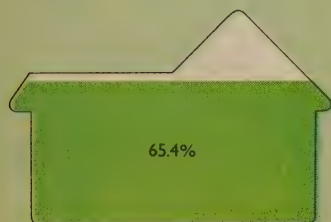


PUBLIC  
SCHOOL

HIGH  
SCHOOL

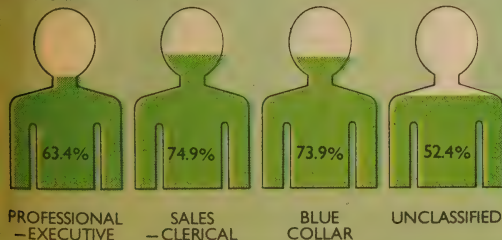
UNIVERSITY

### HOUSEHOLDS



## PROVINCIAL

### OCCUPATION



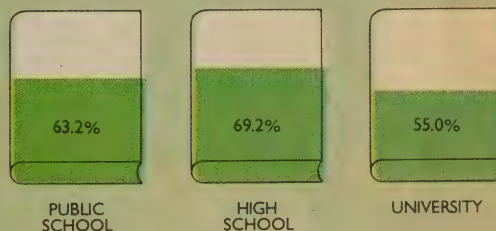
PROFESSIONAL  
- EXECUTIVE

SALES  
- CLERICAL

BLUE  
COLLAR

UNCLASSIFIED

### EDUCATION



PUBLIC  
SCHOOL

HIGH  
SCHOOL

UNIVERSITY

### INCOMES



UNDER  
\$10,000

\$10,000  
- \$14,999

\$15,000  
- \$19,999

\$20,000  
PLUS

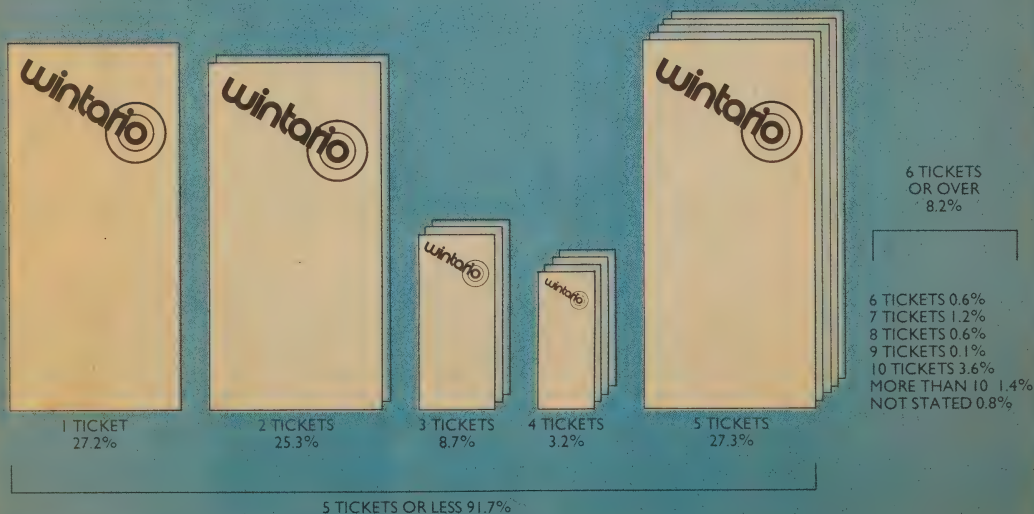
# HOW MANY TICKETS DO THEY BUY?

Every year, the Ontario Lottery Corporation conducts research to help it better understand and serve the changing environment in which it operates.

This year's Gallup Poll has once again revealed that income level has little to do with participation in the province's three lotteries, because every income group is equally represented. And research shows the number of tickets purchased increases proportionately as incomes rise.

The majority of Wintario players, or 52.5% purchase one or two tickets each draw, with 91.7% of participants playing within the purchase range of one and five tickets. Provincial players follow much the same pattern with 87.4% of participants buying two tickets or less.

Lottario, Ontario's newest lottery, continues this trend toward small quantity ticket purchases. In fact, our research showed that more than 70% of players play two boards or less every week.







6 TICKETS  
OR OVER  
12.6%

6 TICKETS 0.4%  
7 TICKETS —  
8 TICKETS 0.2%  
9 TICKETS —  
10 TICKETS 1.1%  
MORE THAN 10 2.1%  
NOT STATED —

1 TICKET  
71.2%

2 TICKETS  
16.2%

3 TICKETS  
4.0%

4 TICKETS  
2.1%

5 TICKETS  
2.9%

2 TICKETS OR LESS 87.4%

2 BOARDS OR LESS 70.5%

LOTTARIO

LOTTARIO

LOTTARIO

LOTTARIO

LOTTARIO

6 BOARDS  
OR OVER  
7%

6 BOARDS 0.8%  
7 BOARDS 1.4%  
8 BOARDS —  
9 BOARDS —  
10 BOARDS  
2.3%  
MORE THAN 10  
0.9%  
NOT STATED  
1.6%

1 BOARD  
33.8%

2 BOARDS  
36.7%

3 BOARDS  
9.6%

4 BOARDS  
6.9%

5 BOARDS  
6.0%

5 BOARDS OR LESS 93.0%

# WHERE DO THE DOLLARS GO?



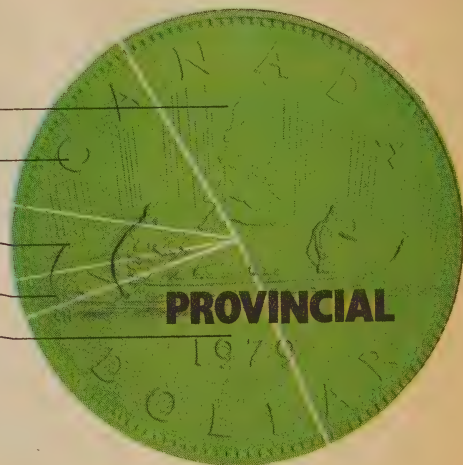
Prizes 47.9%

Distributors Commissions 2.8%

Operating Expenses 6.1%

Retailer Commissions 8.0%

Profits 35.2%



Prizes 54.8%

Operating Expenses 11.4%

Retailer Commission 5.0%

Distributors Commission 2.6%

Profits 26.2%



Prizes 50.0%

Operating Expenses 17.4%

Retailer Commissions 5.0%

Profit 27.6%

# ONTARIO LOTTERY CORPORATION

## BALANCE SHEET

as at March 31, 1979

### Assets

	1979	1978
Current assets	\$	\$
Cash	9,177,821	7,519,379
Prize funds	15,369,327	9,497,975
Accrued interest	251,358	136,047
Accounts receivable	4,554,124	2,081,457
Prepaid expenses	3,755,483	3,587,020
	<b>33,108,113</b>	<b>22,821,878</b>

### Liabilities

Current liabilities		
Prize money unclaimed	15,369,327	9,497,975
Net profit due to the Treasurer of Ontario — Wintario (note 3)	5,280,625	1,517,614
Net proceeds due to the Treasurer of Ontario — The Provincial (note 4)	10,939,629	4,956,385
Lottario — deficit (note 3)	(9,133,294)	—
Accounts payable and accrued liabilities (note 7)	4,452,820	827,640
Deferred income (notes 2a, 2b)	6,199,006	6,022,264
	<b>33,108,113</b>	<b>22,821,878</b>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director



# ONTARIO LOTTERY CORPORATION

## STATEMENT OF NET PROFIT/PROCEEDS

due to the Treasurer of Ontario for the year ended March 31, 1979

	1979	1978
	\$	\$
Balance, beginning of year	6,473,999	8,088,766
Net profit/proceeds for the year	62,612,961	98,385,233
	69,086,960	106,473,999
Less payments to the Treasurer of Ontario on account of net profit/proceeds:		
Wintario (note 3)	46,000,000	71,000,000
The Provincial (note 4)	16,000,000	29,000,000
	62,000,000	100,000,000
Balance, end of year		
Wintario	5,280,625	1,517,614
The Provincial	10,939,629	4,956,385
Lottario (note 3)	(9,133,294)	—
	7,086,960	6,473,999

See accompanying notes to financial statements.

# STATEMENT OF OPERATIONS

for the year ended March 31, 1979

	1979	1978
Lottery ticket sales:	\$	\$
Wintario	138,172,020	163,556,171
The Provincial	85,258,705	76,875,265
Lottario	11,675,034	—
	235,105,759	240,431,436
Less commissions:		
Wintario	14,990,030	17,614,173
The Provincial	5,947,868	6,150,341
Lottario	583,997	—
	21,521,895	23,764,514
Net ticket sales	213,583,864	216,666,922
Prizes:		
Wintario	66,190,325	69,543,815
Lottario	5,841,076	—
	72,031,401	69,543,815
Cost of tickets from Interprovincial Lottery Corporation (note 1)	51,854,791	38,747,696
Operating expenses		
Advertising	7,087,930	5,988,026
Ticket printing	3,391,110	2,958,998
Administration and other expenses	4,969,554*	2,923,336
	15,448,594	11,870,360
Total prizes and expenses	139,334,786	120,161,871
Operating income:		
Wintario	48,683,365	68,474,304
The Provincial	22,341,420	28,030,747
Lottario	3,224,293	—
	74,249,078	96,505,051
Interest and other income:		
Wintario	1,922,872	1,677,261
The Provincial	485,048	202,921
Lottario	73,040	—
	2,480,960	1,880,182
Income before extraordinary items	76,730,038	98,385,233
Extraordinary items:		
Provision re Loto Canada (note 7)	2,529,675	—
Lottario game development and start up costs (note 2c)	11,587,402	—
	14,117,077	—
Net profit/proceeds (loss) for the year		
Wintario	49,763,011	70,151,565
The Provincial	21,983,244	28,233,668
Lottario	(9,133,294)	—
	62,612,961	98,385,233

See accompanying notes to financial statements.

\*Includes facilities and communication costs for new game, Lottario.

# ONTARIO LOTTERY CORPORATION



Office of the  
Provincial  
Auditor.

To the Board of Directors  
of the Ontario Lottery Corpora-  
tion and to the Minister of  
Culture and Recreation.

I have examined the balance  
sheet of the Ontario Lottery  
Corporation as at March 31,  
1979 and the statements of op-  
erations and net profit/proceeds  
due to the Treasurer of Ontario  
for the year then ended. My  
examination was made in accord-  
ance with generally accepted  
auditing standards, and accord-  
ingly included such tests and  
other procedures as I considered  
necessary in the circumstances.

In my opinion, these financial  
statements present fairly the fi-  
nancial position of the Corpora-  
tion as at March 31, 1979 and the  
results of its operations for the  
year then ended in accordance  
with generally accepted account-  
ing principles applied on a basis  
consistent with that of the pre-  
ceding year.

A report on the audit has been  
made to the Corporation and to  
the Minister.

F.N. Scott, F.C.A.,  
Provincial Auditor.

Toronto, Ontario,  
September 11, 1979.



# NOTES TO FINANCIAL STATEMENTS

March 31, 1979

## 1. The Provincial

Pursuant to section 7(b) of The Ontario Lottery Corporation Act, 1974, the Corporation was authorized by the Lieutenant Governor in Council to enter into agreements with other provinces regarding an interprovincial lottery scheme. The Provincial lottery is a joint undertaking by all provinces acting through the Interprovincial Lottery Corporation, a company incorporated under the Canada Business Corporation Act, the shares of which are held by Her Majesty the Queen in right of the respective provinces.

The Ontario Lottery Corporation is the Regional Marketing Organization for The Provincial in Ontario. The Corporation purchases tickets for The Provincial from the Interprovincial Lottery Corporation. The cost of tickets purchased from the Interprovincial Lottery Corporation is composed of the proportional share of prizes based on the number of tickets purchased, plus operating expenses less relevant interest earnings of the Interprovincial Lottery Corporation.

## 2. Significant Accounting Policies

### (a) Wintario operations

All income and expenses related to the 26 biweekly Wintario lotteries (1978-26) held from April 13, 1978 to March 29, 1979 inclusive are included in the statement of operations. Net receipts from the sale of tickets for the lottery held on April 12, 1979 have been treated as deferred income.

### (b) The Provincial operations

All income and expenses related to the sales in Ontario of The Provincial lotteries held from April 30, 1978 to March 25, 1979 inclusive are included in the statement of operations. Net receipts from the sale of tickets for the lottery held on April 29, 1979 have been treated as deferred income.

### (c) Lottario operations

All income and expenses related to the 20 weekly lotteries ending on March 31, 1979 are included in the statement of operations. Development and start up costs of \$11.5 million were written off to operations as an extraordinary item.

### (d) Fixed assets

Fixed asset purchases are written off to operations at the time of acquisition.

## 3. Net Profits—Wintario and Lottario

Pursuant to section 9 of The Ontario Lottery Corporation Act, 1974, the net profits of the Corporation, after provision for prizes and the payment of expenses and operations, are payable into the Consolidated Revenue Fund of the Province of Ontario. Because of the deficit position of Lottario operations, no payments have been made to the Treasurer of Ontario for the period ended March 31, 1979.

## 4. Net Proceeds—The Provincial

Pursuant to Order in Council 3034/76, all moneys attributed to or accruing to Ontario from The Provincial, after providing for prizes and the payment of operating expenses, are payable into the Consolidated Revenue Fund of the Province of Ontario, to be held in trust.

## 5. Anti-Inflation Legislation

Pursuant to the terms of an agreement between the Province of Ontario and Government of Canada, the Corporation is subject to controls on compensation instituted by the Government of Canada in the Anti-Inflation Act, effective October 14, 1975. This legislation terminated on December 31, 1978.

## 6. Comparative Figures

Certain of the comparative figures for 1978 have been reclassified where necessary to conform to the 1979 presentation.

## 7. Loto Select

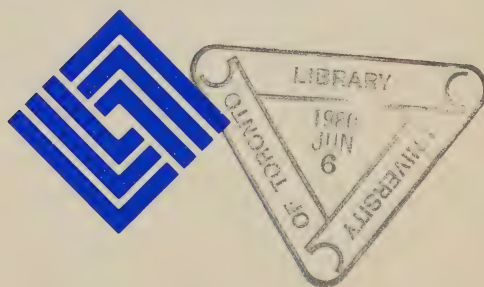
The Government of Canada agreed to withdraw from the computerized lotto game effective October 5, 1978. In return, Ontario and Quebec have agreed to share some of the contractual obligations resulting from the cancellation of Loto Select. A provision of \$2,529,675 representing Ontario Lottery Corporation's share has been set up.

The Ontario Lottery Corporation was established in 1975 with the specific responsibility of developing and managing provincial government lotteries.

Since then, in its capacity as a Crown Corporation, more than \$290 million have been generated through Ontario's lotteries for public projects.

Physical fitness, sports, culture, medical research and social service projects have all benefited from lottery proceeds.

The symbol of the Corporation blends the letters "O" for Ontario and "L" for Lottery. Together they signify the Ontario Lottery Corporation's raison d'être: to enable the people of Ontario to join in the fun and excitement of their own lotteries, while contributing to everyone's quality of life through a variety of worthwhile activities.



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GOVERNMENT  
Publications

# ONTARIO LOTTERY CORPORATION

Annual Report  
1979-1980





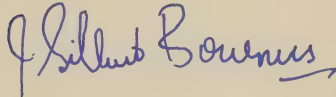
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September 30, 1980  
The Honourable Reuben Baetz  
Minister of Culture and Recreation  
6th Floor  
77 Bloor Street West  
Toronto, Ontario M5S 1M2

Dear Mr. Baetz,

Pursuant to the provisions of the Ontario Lottery Corporation Act, I have the pleasure of presenting to you the fifth annual report of the Ontario Lottery Corporation for the year ending March 31, 1980.

Yours very truly,

A handwritten signature in blue ink, reading "J. Gilbert Bowness". The signature is fluid and cursive, with a long horizontal stroke at the end.

J. Gilbert Bowness  
Chairman of the Board

# BOARD OF DIRECTORS

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J. GILBERT BOWNESS



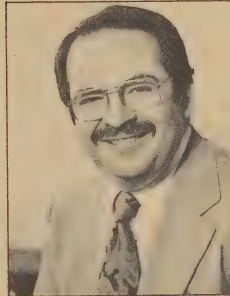
DONALD J. MacLEAN, CLU

J. Gilbert Bowness, North Bay  
Chairman  
Feb. 17, 1979—Feb. 16, 1982

Donald J. MacLean, CLU, Willowdale  
Vice-Chairman  
Feb. 17, 1979—Feb. 16, 1982



DAVID B. DAUBNEY, BA, LLB



HAROLD FREEMAN, CA

David B. Daubney, BA, LLB, Ottawa  
Feb. 17, 1979—Feb. 16, 1982

Harold Freeman, CA, Toronto  
Feb. 17, 1975—Feb. 16, 1981

Fern Guindon, Cornwall  
Feb. 17, 1975—Feb. 16, 1981

Aranka E. Kovacs, PhD, Windsor  
Feb. 17, 1975—Feb. 16, 1981



FERN GUINDON



ARANKA E. KOVACS, PhD

Gaetane Lamontagne, Moonbeam  
Feb. 17, 1979—Feb. 16, 1982

Edward Rigby, DD, Burlington  
Feb. 17, 1975—Feb. 16, 1981

E. Marshall Pollock, QC, Toronto  
Feb. 17, 1975—Mar. 31, 1980

## Senior Staff Members

General Manager  
D. Norman Morris, CA

Assistant General Manager  
Adam J. Hawkins

Manager, Marketing  
Douglas R. Mackie,

Manager, Sales & Distribution  
J. Michael Holroyde

Controller  
John Van Camp, RIA



GAETANE LAMONTAGNE



EDWARD RIGBY, DD

# CHAIRMAN'S REPORT

The 1979/80 financial year represented an important benchmark in the five year history of the Ontario Lottery Corporation. Total gross ticket sales were increased by 38% to a record \$324 million. Combined operating profit/proceeds exceeded \$93 million, or \$30 million more than the previous fiscal year. Available prize money also increased nearly 50% to \$183 million.

A major factor contributing to the Corporation's resurgence has been the strong performance of Lottario, the number selection game launched eighteen months ago. In this fiscal year, Lottario built its average weekly sales to \$1.6 million, reflecting significant growth in consumer trial and acceptance.

Wintario underwent a major redesign in November, 1979 with a weekly game format. A game design was introduced offering more winning numbers, better chances of winning a prize, and a more participatory way to play. Consumer response was immediate. Preliminary weekly sales predictions of three million tickets were rapidly surpassed. Between four and five million Wintario tickets are now issued weekly—the same number issued every two weeks, in the old game.

The Provincial, a popular performer for the Corporation, was also relaunched in January, 1980. Its new game design and prize structure were devised to offer more player involvement.

A fourth game, Super Loto, was added to the Corporation's product mix when the Federal Government handed over all lottery administration to provincial jurisdiction in January, 1980.

Much of the popularity of Ontario's lotteries may be attributed to the fact that they are synonymous with the benefits their profits provide.

Every county in the province has shared in the \$284\*million bounty of Wintario's physical fitness, sports, recreation and cultural grants. In addition, the spin-off benefits of thousands of construction jobs have been credited to Wintario building programs.

Valuable scientific studies are being undertaken at research facilities all over the province as a direct result of the Provincial. It is hoped that the findings of these studies into acid rain, environmental management, occupational health, cancer, and heart disease, to name but a few, will contribute to the quality of life for present and future Ontario citizens.

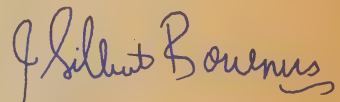
Super Loto proceeds have been dedicated for the next three years to hospital capital projects. It is a graphic demonstration of the province's

commitment to provide the best health care system possible in times of economic restraint.

It is appropriate at this time to recognize the dedication of the Board of Directors, staff, distributors and retailers for the continuing roles they play in achieving and maintaining the high corporate standards and goals.

I would also like to express the Corporation's appreciation to retiring Managing Director, E. Marshall Pollock, QC, for his contribution to the introduction and success of the provincial lotteries during his five year term. At the same time, we welcome D. Norman Morris, who succeeds him.

As the Corporation pauses on the threshold of its sixth year, it does so with the confidence that Ontario residents will continue to support their lotteries with the knowledge that the seeds of opportunity planted today will provide a special legacy for generations to come.



J. Gilbert Bowness  
Chairman of the Board



# ONTARIO LOTTERY CORPORATION

(Incorporated without share capital under The Ontario Lottery Corporation Act, 1974)

## BALANCE SHEET

as at March 31, 1980

### Assets

	1980	1979
	\$	\$
Current assets		
Cash	12,671,235	9,177,821
Prize funds	22,163,429	15,369,327
Accrued interest	519,299	251,358
Accounts receivable	8,474,612	4,554,124
Prepaid expenses	8,705,067	3,755,483
	52,533,642	33,108,113

### Liabilities

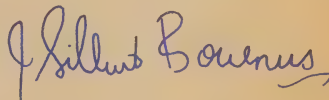
Current liabilities		
Prize money unclaimed	22,163,429	15,369,327
Net profit/proceeds due to the Treasurer of Ontario (notes 3, 4)	15,931,588	7,086,960
Accounts payable and accrued liabilities	4,983,752	4,452,820
Deferred income	9,454,873	6,199,006
	52,533,642	33,108,113

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

# ONTARIO LOTTERY CORPORATION

## STATEMENT OF NET PROFIT/PROCEEDS

due to the Treasurer of Ontario for the year ended March 31, 1980

	1980	1979
	\$	\$
Balance, beginning of year	7,086,960	6,473,999
Net profit/proceeds for the year		
Wintario	43,868,155	49,763,011
Lottario	27,799,763	(9,133,294)
Provincial	20,651,621	21,983,244
Super Loto	525,089	—
	92,844,628	62,612,961
Less payments to the Treasurer of Ontario on account of net profit/ proceeds:		
Wintario (note 3)	47,000,000	46,000,000
Provincial (note 4)	22,000,000	16,000,000
Lottario (note 3)	15,000,000	—
Super Loto (note 4)	—	—
	84,000,000	62,000,000
Balance, end of year		
Wintario	2,148,780	5,280,625
Provincial	9,591,250	10,939,629
Lottario	3,666,469	(9,133,294)
Super Loto	525,089	—
	15,931,588	7,086,960

*See accompanying notes to financial statements.*

# STATEMENT OF OPERATIONS

for the year ended March 31, 1980

	1980	1979
	\$	\$
Cash ticket sales	287,396,646	220,593,779
Free tickets	36,390,520	14,511,980
	323,787,166	235,105,759
Less commissions—retailers and distributors	28,292,507	22,480,733
	295,494,659	212,625,026
Prizes		
Wintario—cash	65,115,200	62,588,700
—free tickets	19,805,345	3,601,625
Lottario	40,732,065	5,841,076
	125,652,610	72,031,401
Cost of tickets (note 2)		
Provincial—cash	35,717,784	40,944,436
—free tickets	16,585,175	10,910,355
Super Loto	4,777,570	—
	57,080,529	51,854,791
Operating expenses		
Advertising	8,517,274	7,087,930
Ticket printing	3,667,747	3,391,110
Administration and other expenses	7,889,636	4,010,716
Payment to Government of Canada (note 7)	2,122,200	—
	22,196,857	14,489,756
Operating income	90,564,663	74,249,078
Interest	4,249,943	2,480,960
Income before extraordinary items	94,814,606	76,730,038
Less extraordinary items		
Provision re Loto Select (note 6)	—	2,529,675
Lottario game development and start up costs (note 1a)	1,925,763	11,587,402
Super Loto game development and start up costs (note 1b)	44,215	—
	1,969,978	14,117,077
Net profit/proceeds for the year	92,844,628	62,612,961

See accompanying notes to financial statements.



# NOTES TO FINANCIAL STATEMENTS

March 31, 1980

## 1. Significant Accounting Policies

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles except as follows:

- (a) Lottario development and start up costs  
Development and start up costs of \$1.9 million (1979—\$11.6 million) were written off to operations as an extraordinary item.
- (b) Super Loto development and start up costs  
Development and start up costs of \$44,215 in 1980 were written off to operations as an extraordinary item.
- (c) Fixed assets  
Fixed asset purchases are written off to operations at the time of acquisition.

## 2. Provincial and Super Loto

Pursuant to section 7(b) of The Ontario Lottery Corporation Act, 1974, the Corporation was authorized by the Lieutenant Governor in Council to enter into agreements with other provinces regarding an interprovincial lottery scheme. The Provincial and Super Loto lotteries are joint undertakings by all provinces acting through the Interprovincial Lottery Corporation, a company incorporated under the Canada Business Corporation Act, the shares of which are held by Her Majesty the Queen in right of the respective provinces.

The Ontario Lottery Corporation is the Regional Marketing Organization for the Provincial and Super Loto in

Ontario. The Corporation purchases tickets for these games from the Interprovincial Lottery Corporation. The cost of tickets purchased from the Interprovincial Lottery Corporation is composed of the proportional share of prizes based on the number of tickets purchased, plus operating expenses less relevant interest earnings of the Interprovincial Lottery Corporation.

## 3. Net Profits—Wintario and Lottario

Pursuant to section 9 of The Ontario Lottery Corporation Act, 1974, the net profits of the Corporation after provision for prizes and the payment of expenses and operations, are payable into the Consolidated Revenue Fund of the Province.

## 4. Net Proceeds—Provincial and Super Loto

Pursuant to Orders in Council 3034/76 and 1940/80, all moneys attributed to or accruing to Ontario from the Provincial and Super Loto after providing for prizes and the payment of operating expenses, are payable into the Consolidated Revenue Fund of the Province of Ontario to be held in trust.

## 5. Comparative Figures

Certain of the comparative figures for 1979 have been reclassified where necessary to conform to the 1980 presentation.

## 6. Loto Select

The Government of Canada agreed to withdraw from the computerized lotto game effective October 5, 1978. In return, Ontario and Quebec have agreed to share some of the contractual obligations resulting from the cancellation of Loto Select. A provision of \$2,529,675 representing Ontario Lottery Corporation's share was set up in 1979 and paid in 1980.

## 7. Payment to Government of Canada

An agreement was made between the Government of Canada and the Province of Ontario in August 1979 which stipulated that the Government of Canada would withdraw from the sale of lottery tickets effective December 31, 1979. Effective January 1, 1980 the agreement required the provinces to remit quarterly to the Government of Canada the sum of \$6 million, appropriately adjusted to reflect the effects of inflation.

Ontario's share of the first quarterly payment was \$2,122,200 and was remitted to the Government of Canada through the Interprovincial Lottery Corporation.

# ONTARIO LOTTERY CORPORATION



Office of the  
Provincial  
Auditor.

To the Board of Directors of the  
Ontario Lottery Corporation and to the  
Minister of Culture and Recreation.

I have examined the balance sheet of  
the Ontario Lottery Corporation as at  
March 31, 1980 and the statements  
of operations and net profit/proceeds  
due to the Treasurer of Ontario for the  
year then ended. My examination was  
made in accordance with generally  
accepted auditing standards, and  
accordingly included such tests and  
other procedures as I considered  
necessary in the circumstances.

In my opinion, these financial  
statements present fairly the financial  
position of the Corporation as at  
March 31, 1980 and the results of its  
operations for the year then ended in  
accordance with the accounting  
policies described in Note 1 to the  
financial statements, applied on a  
basis consistent with that of the  
preceding year.

A report on the audit has been made  
to the Corporation and to the Minister.

F.N. Scott, F.C.A.,  
Provincial Auditor.

Toronto, Ontario,  
July 23, 1980.

# DISTRIBUTION OF GROSS INCOME

During the fiscal year 1979/80, the Corporation's gross income of \$323.7 million was distributed as follows:

**Prizes:** Prizes for Wintario, Lottario, Provincial and Super Loto amounted to \$182.7 million.

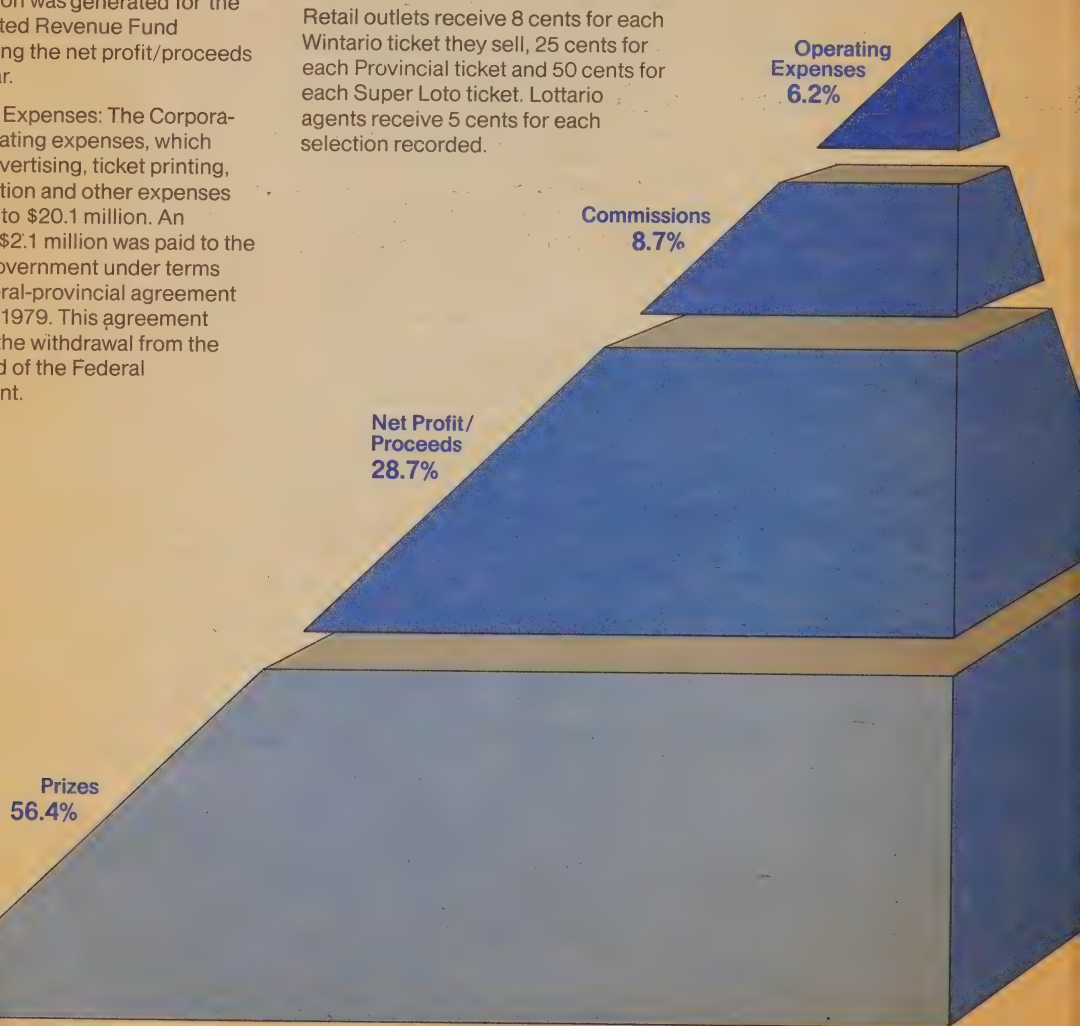
**Net Profit/Proceeds:** \$92.8 million was generated for the Consolidated Revenue Fund representing the net profit/proceeds for the year.

**Operating Expenses:** The Corporation's operating expenses, which include advertising, ticket printing, administration and other expenses amounted to \$20.1 million. An additional \$2.1 million was paid to the Federal Government under terms of the federal-provincial agreement of August, 1979. This agreement governed the withdrawal from the lottery field of the Federal Government.

**Commissions:** The Corporation utilizes a network of 46 independent business men and women as distributors to service 21,000 retail outlets throughout the province. In the 1979/80 fiscal year, commissions paid by the Corporation totalled \$28.3 million, broken down as follows:

Retail outlets receive 8 cents for each Wintario ticket they sell, 25 cents for each Provincial ticket and 50 cents for each Super Loto ticket. Lottario agents receive 5 cents for each selection recorded.

Distributors receive an average of 2 cents for each Wintario ticket, 11.25 cents for each Provincial ticket and 22.5 cents for each Super Loto ticket they sell.

















# FIVE YEAR REVIEW

## FIVE YEARS IN REVIEW—OPERATING HIGHLIGHTS

(\$000)

	75/76	76/77	77/78	78/79	79/80
<b>SALES</b>	97,137	218,793	240,431	235,105	323,786
<b>COMMISSIONS</b>	12,528	22,353	24,187	22,481	28,292
<b>PRIZES</b>	36,095	95,531	108,291	123,886	182,733
<b>TOTAL OPERATING EXPENSES</b>	5,960	10,091	11,447	14,490	22,196
<b>INTEREST</b>	760	1,982	1,880	2,481	4,250
<b>INCOME</b>	43,314	92,800	98,386	76,729	94,815
<b>NUMBER OF GAMES</b>					
					
					
					

## OUR GAMES

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### WINTARIO

On November 29, 1979, Wintario put on a brand new face, and went out to entertain Ontario residents with fresh vigour. The five-year favourite, which has visited every county in the province, was relaunched with the advertising slogan "The name's the same, but it's a great new game".

And what a game! Nine separate draws for winning two, three, four, five and six-digit numbers every Thursday; winning numbers to be matched anywhere in the new six-digit ticket number.

Up for grabs are 221,296 prizes totalling \$2,412,000 (based on an issue of 4 million tickets) ranging from \$100,000, \$25,000, \$5,000, \$1,000, \$100, \$10 to free Win'fall books of tickets. Odds of winning a prize are also better than ever: 1 in 18.

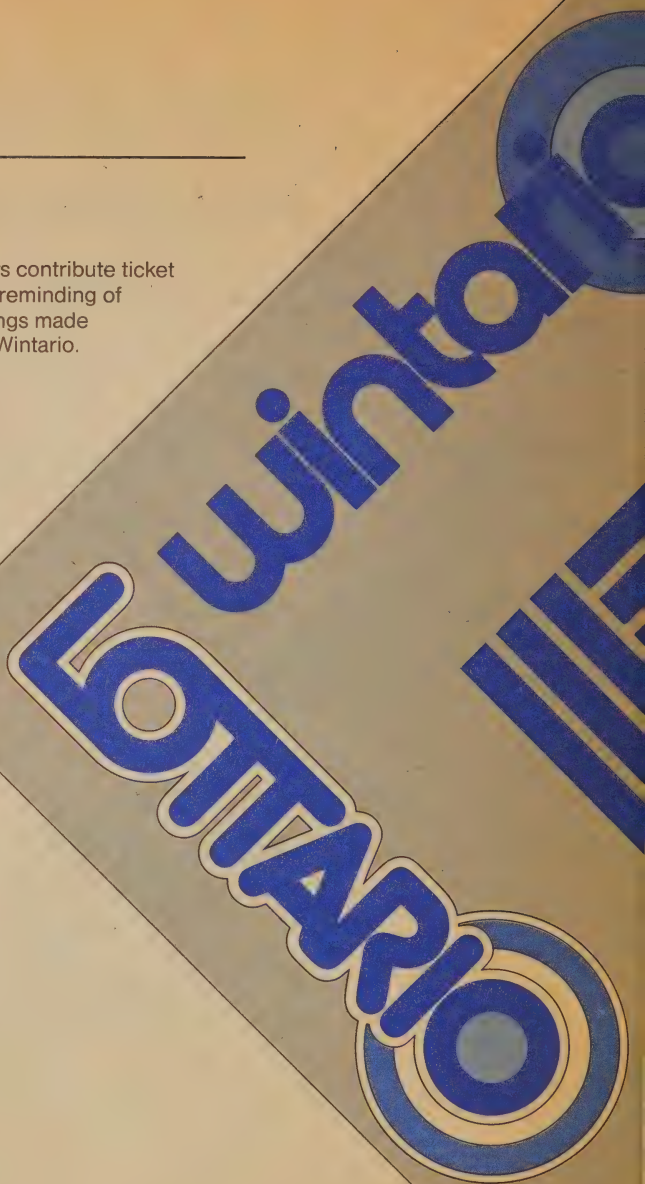
### LOTTARIO

More and more players are discovering just how much fun selecting their own ticket numbers can be. And, no matter how players come up with their lucky numbers, in this fiscal year a total of fourteen Lottario Jackpots, averaging over \$670,000 each, were taken home.

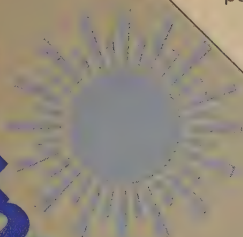
In addition, to make the game easier for groups to play, a new combination selection slip was introduced, speeding up processing at Lottario terminals.

In addition to Wintario and Lottario, the Ontario Lottery Corporation is also responsible for the marketing and sale in the Province of Ontario, of two Interprovincial Lottery Corporation games: The Provincial and Super Loto.

Ontario artists contribute ticket designs too, reminding of the good things made possible by Wintario.



**The Provincial**  
better chance for everyone.



**SUPER LOTO**  
Helping Ontario Hospitals win.

The Provincial took on a new personality too, in the final quarter of the fiscal year. With bright, barbershop-style

## THE PROVINCIAL

advertising, a more participatory game design with more prizes was introduced.

By matching four-digit numbers in Box A and three-digit numbers in Boxes B and C on tickets, with numbers drawn, a total of 18 grand prizes of \$1 million, \$250,000 or \$100,000 are available every month.

In all, 992,118 prizes for a total \$11,109,180, including on-the-spot instant prizes ranging from free tickets to \$1,000 in cash are available, making the \$5-a-ticket Provincial as popular as ever.

To show the Provincial is an undertaking of all ten Canadian provinces regional vignettes are incorporated into the ticket design.

## SUPER LOTO

Super Loto, the \$10-a-ticket lottery, took centre stage on January 1, 1980 once the Federal Government vacated the lottery scene as part of an agreement with the provinces.

Offering ten \$1 million prizes over a two-month period, Super Loto draws feature three seven-digit winning numbers during the first month, and the remaining seven \$1 million dollar prizes in the second month's Main Draw.

Subsidiary prizes for matching the last six, five, four and three digits drawn range from \$10,000, \$1,000, \$100 to \$50. Instant prizes including free tickets and cheques from \$20 to \$10,000, are also available.



# WINNERS

During the past fiscal year 4.5 million cash prize winners have taken home \$130.9 million from Ontario's four lotteries.

- 1 Lottario Winner: Mr. Frank Tialka, St. Catharines, \$1,189,784.10
- 2 Provincial Winner: Mr. Frank DeJager, Mrs. Carol Robertson and a group of eighteen, Willowdale, \$1,000,000.
- 3 Super Loto Winner: Mr. Ventura Pangilinan, wife Lucy and children, Scarborough, \$1,000,000.
- 4 Wintario Winner: Mr. Henry Shanab, Willowdale, \$100,000.
- 5 Wintario Winners: Mr. and Mrs. Rudolf Gubo, St. Catharines, \$100,000.
- 6 Lottario Jackpot: Mr. Ronald McIntosh, Prescott, \$311,513.50.
- 7 Provincial Winners: Sisters Dorothy Nobes, St. Catharines; Margaret Bennett, Huntsville; Ada Harvey, Brampton; Marion Patterson, Bolton, \$1,000,000.





Provincial Winners: Mr. Joe Coletti and a group of nine, Mississauga, \$1,000,000. 8

Wintario Winners: Mr. and Mrs. H. Howard, Willowdale, \$100,000. 9

Provincial Winners: Mr. and Mrs. Stewart Drysdale and son, Toronto, \$1,000,000. 10

Wintario Winners: Mr. and Mrs. Kevin Pepperali, Kitchener, \$100,000. 11

Wintario Winner: Mr. Howard Nix, Norwich, \$100,000. 12

Wintario Winners: Mr. Allan T. Pickard and family, Cobalt, \$100,000. 13

Wintario Winners: Mrs. Vicki Tessier and family, Espanola, \$25,000. 14

# WINTARIO GRANTS

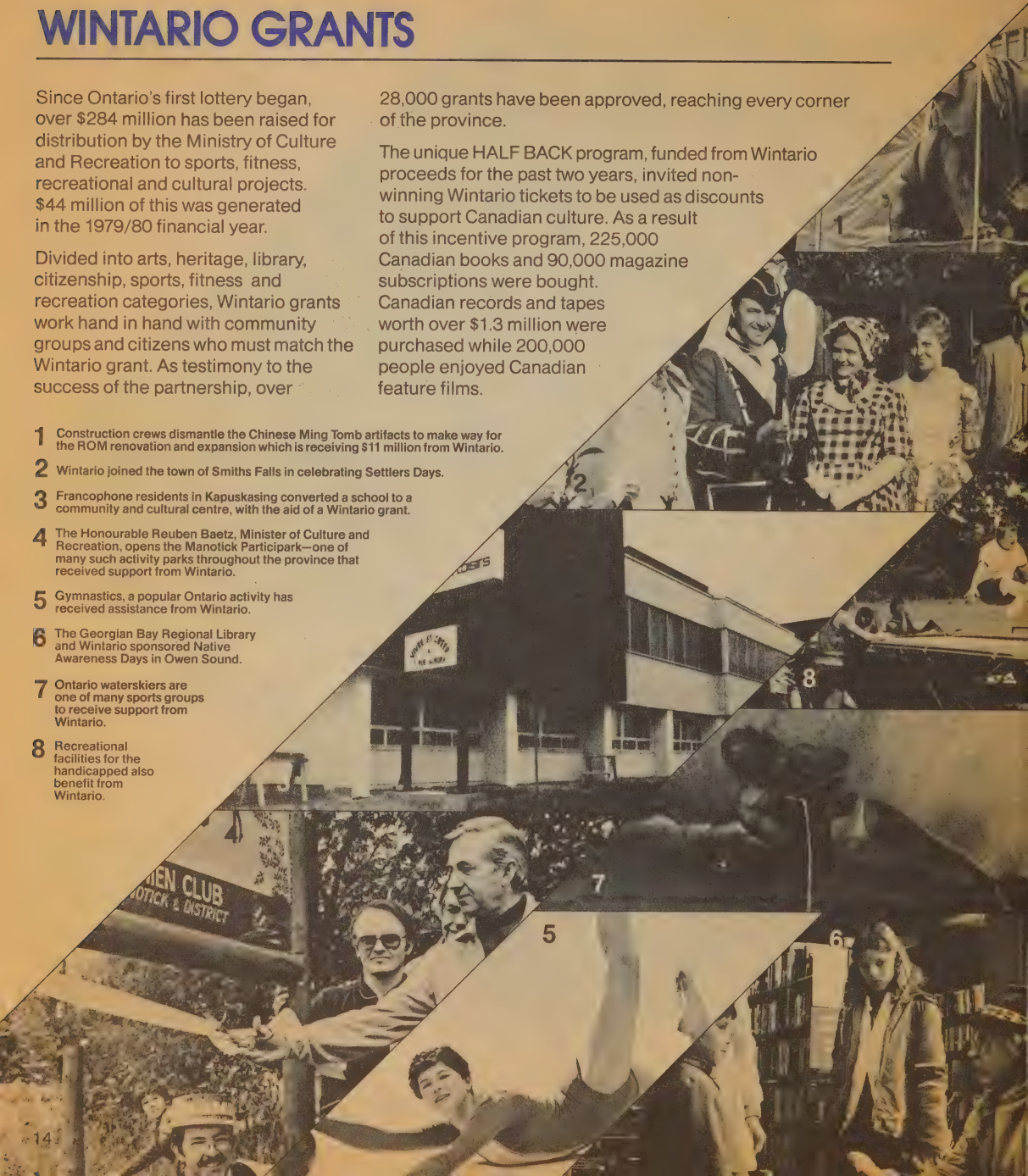
Since Ontario's first lottery began, over \$284 million has been raised for distribution by the Ministry of Culture and Recreation to sports, fitness, recreational and cultural projects. \$44 million of this was generated in the 1979/80 financial year.

Divided into arts, heritage, library, citizenship, sports, fitness and recreation categories, Wintario grants work hand in hand with community groups and citizens who must match the Wintario grant. As testimony to the success of the partnership, over

28,000 grants have been approved, reaching every corner of the province.

The unique HALF BACK program, funded from Wintario proceeds for the past two years, invited non-winning Wintario tickets to be used as discounts to support Canadian culture. As a result of this incentive program, 225,000 Canadian books and 90,000 magazine subscriptions were bought. Canadian records and tapes worth over \$1.3 million were purchased while 200,000 people enjoyed Canadian feature films.

- 1 Construction crews dismantle the Chinese Ming Tomb artifacts to make way for the ROM renovation and expansion which is receiving \$11 million from Wintario.
- 2 Wintario joined the town of Smiths Falls in celebrating Settlers Days.
- 3 Francophone residents in Kapuskasing converted a school to a community and cultural centre, with the aid of a Wintario grant.
- 4 The Honourable Reuben Baetz, Minister of Culture and Recreation, opens the Manotick Participapark—one of many such activity parks throughout the province that received support from Wintario.
- 5 Gymnastics, a popular Ontario activity has received assistance from Wintario.
- 6 The Georgian Bay Regional Library and Wintario sponsored Native Awareness Days in Owen Sound.
- 7 Ontario waterskiers are one of many sports groups to receive support from Wintario.
- 8 Recreational facilities for the handicapped also benefit from Wintario.





# PROVINCIAL GRANTS

In Ontario, profits from the Provincial lottery have been dedicated to health and health-related research, environmental and social service projects. To date, \$87 million has been generated for these programs, and \$20.6 million during the last fiscal year.

ment, Agriculture and Food, Natural Resources, Community and Social Services and the Provincial Secretariat for Justice are responsible for allocating these funds.

Ontario ministries of Health, Labour, Environ-

- 1** Environmental studies include fish management programs aimed at tracking and stocking species in our lakes and rivers.
- 2** Studies into the survival rate of premature babies.
- 3** The Human Nutrition Research Council will improve the knowledge and practice of human nutrition.
- 4** Ongoing research into the effects of pollution on water quality.
- 5** Medical research includes studies into heart disease, cancer, kidney disease, multiple sclerosis and mental health.
- 6** Occupational health studies include research into the effects of industrial noise.
- 7** The Gerontology Research Council has been founded to add to the knowledge of human aging.

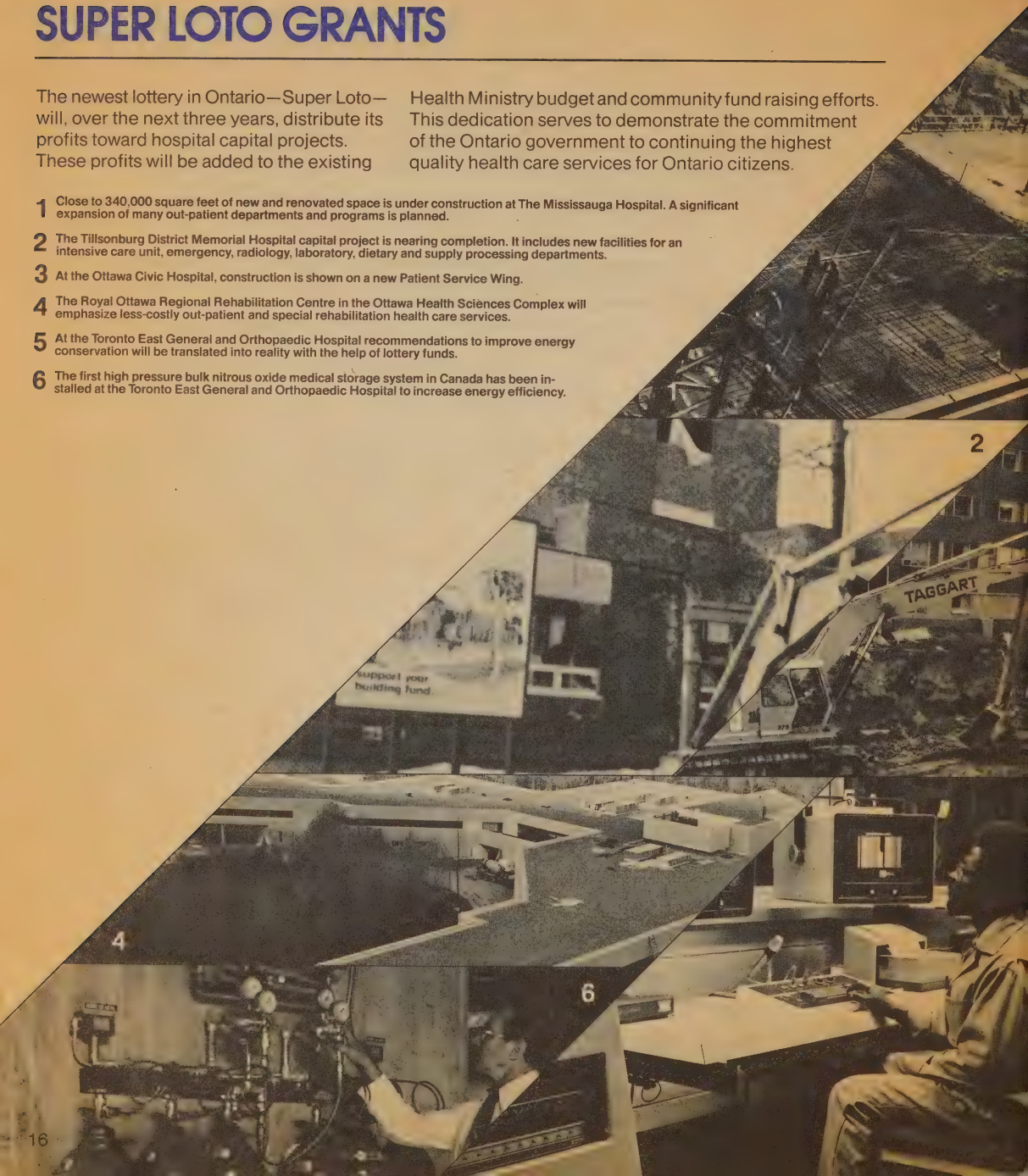


# SUPER LOTO GRANTS

The newest lottery in Ontario—Super Loto—will, over the next three years, distribute its profits toward hospital capital projects. These profits will be added to the existing

Health Ministry budget and community fund raising efforts. This dedication serves to demonstrate the commitment of the Ontario government to continuing the highest quality health care services for Ontario citizens.

- 1 Close to 340,000 square feet of new and renovated space is under construction at The Mississauga Hospital. A significant expansion of many out-patient departments and programs is planned.
- 2 The Tillsonburg District Memorial Hospital capital project is nearing completion. It includes new facilities for an intensive care unit, emergency, radiology, laboratory, dietary and supply processing departments.
- 3 At the Ottawa Civic Hospital, construction is shown on a new Patient Service Wing.
- 4 The Royal Ottawa Regional Rehabilitation Centre in the Ottawa Health Sciences Complex will emphasize less-costly out-patient and special rehabilitation health care services.
- 5 At the Toronto East General and Orthopaedic Hospital recommendations to improve energy conservation will be translated into reality with the help of lottery funds.
- 6 The first high pressure bulk nitrous oxide medical storage system in Canada has been installed at the Toronto East General and Orthopaedic Hospital to increase energy efficiency.





## DID YOU KNOW THAT...

...Portugal initiated its lottery—La Santa Casa da Mesericardia de Lisbon—400 years ago to raise funds for charity, and it is still operating today?

...in its five-year history, the Ontario Lottery Corporation has generated \$390 million for sports, cultural and recreational activities; health research and health-related social service projects and hospital capital projects?

...half a billion dollars has been paid to prizewinners since government-run lotteries began in Ontario five years ago?

...the first known lottery to raise public funds was sponsored by Augustus Caesar to repair the City of Rome?

...lottery funds helped finance Michaelangelo's masterpieces in the Sistine Chapel; Harvard and Princeton Universities; the British Museum; the American Revolution and, in 1567, the rebuilding of Britain's harbours?

...the per capita spending of Ontario residents on lotteries is \$38.12 compared to \$120.62 on tobacco and \$182.25 on alcohol each year?

...Ontario per capita lottery purchases of \$38.12 are lower than those of Michigan (\$45.14) a state with similar demographics, and Quebec (\$50.74)?

...over nine million lucky ticket holders have collected Wintario prizes?

...the first known North American lottery was held on June 26, 1614 in Virginia to raise funds for a continental congress?

...84.5% of Ontario households have played Wintario?

...in the U.S.S.R., lottery prizes may not be in cash, but furniture and travel vouchers?

...the Wintario television show is Global's highest rated program with an average television audience of over 600,000 every week?

...the world's richest lottery is in Spain? For its 100th Christmas draw in 1979, the lottery, which has been in operation for 200 continuous years, offered a total of \$439 million in prizes.

...the majority of Wintario players (47.3%) buy one or two tickets every draw, with 79.2% buying five tickets or less; 88.8% of Lottario players play five boards or less and 84% of Provincial purchases are of two tickets or less?

...the chances of winning a Wintario prize are 1 in 18, and the chances of winning a Provincial or Super Loto prize are 1 in 4? The chances of winning a prize in Lottario are approximately 1 in 28.

...Wintario has visited 115 different communities throughout the Province of Ontario during its five-year history?

...there are 21,000 retailers throughout the province selling Ontario Lottery Corporation tickets?





The Ontario Lottery Corporation was established in 1975 with the specific responsibility of developing and managing provincial government lotteries.

Since then, in its capacity as a Crown Corporation, more than \$390 million have been generated through Ontario's lotteries for public projects.

Physical fitness, sports, culture, medical research, social service and hospital capital projects are the beneficiaries of lottery proceeds.

The symbol of the Corporation blends the letter "O" for Ontario and "L" for Lottery. Together they signify the Ontario Lottery Corporation's raison d'être: to enable the people of Ontario to join in the fun and excitement of their own lotteries, while contributing to everyone's quality of life through a variety of worthwhile activities.



Ontario

Ministry of  
Culture and  
Recreation

Hon. Reuben C. Baetz  
Minister  
Douglas Wright  
Deputy Minister

# ONTARIO LOTTERY CORPORATION

ANNUAL REPORT  
1980-1981

CAZEN  
CR 200  
- A56

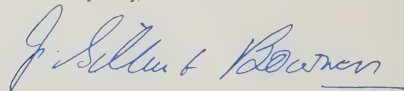


September 30, 1981  
The Honourable Reuben Baetz  
Minister of Culture and Recreation  
6th Floor  
77 Bloor Street West  
Toronto, Ontario M7A 2R9

Dear Mr. Baetz,

Pursuant to the provisions of the Ontario Lottery Corporation Act, I have the pleasure of presenting to you the sixth annual report of the Ontario Lottery Corporation for the year ending March 31, 1981.

Yours very truly,

A handwritten signature in blue ink, reading "J. Gilbert Bowness". The signature is written in a cursive style with a horizontal line underneath the name.

J. Gilbert Bowness  
Chairman of the Board



# BOARD OF DIRECTORS

- 1 J. Gilbert Bowness, North Bay  
Chairman  
Sept. 30, 1976 —Feb. 16, 1982
- 2 Donald J. MacLean, CLU, Willowdale  
Vice-Chairman  
Feb. 17, 1976 —Feb. 16, 1982
- 3 D. Norman Morris, CA, Mississauga  
President
- 4 David B. Daubney, BA, LLB, Ottawa  
Feb. 17, 1979—Feb. 16, 1982
- 5 Fernand Guindon, Cornwall  
Feb. 17, 1975—Feb. 16, 1984
- 6 Monique Jacques, Kapuskasing  
Feb. 17, 1981—Feb. 16, 1984
- 7 C. Ronald S. MacKenzie, MD, St. Catharines  
Feb. 17, 1981—Feb. 16, 1984
- 8 Mary F. Callaghan, Toronto  
Feb. 17, 1981—Feb. 16, 1984
- 9 C. Gordon Ross, BD, Scarborough  
June 11, 1981—Feb. 16, 1983

## Senior Staff Members

President

D. Norman Morris

Executive Vice-President

Adam J. Hawkins

Vice-President, Sales & Distribution

J. Michael Holroyde

Vice-President, Marketing

Douglas R. Mackie

Controller

John Van Camp



# CHAIRMAN'S REPORT

The support the people of Ontario gave their lotteries during the fiscal year 1980/81 can only be described as outstanding.

As a direct result of this enthusiasm, the Ontario Lottery Corporation is able to report earnings of \$149 million: the largest profit in its six-year history and 60% higher than that of last year.

Since lotteries were introduced by the provincial government in 1975, the Corporation has contributed a total of \$539 million to the province, earning a unique place in its social fabric.

The people of Ontario enjoy the low cost entertainment value that lotteries offer. They like the chance to win the thousands of prizes available every week. Indeed, in Wintario alone, more than 26 million prizes have been available since it began.

But perhaps more importantly, Ontarians can be assured that they may participate in the many benefits lotteries provide through their profits.

When lotteries were introduced to Ontario, their proceeds were designated to projects that would not normally receive government funding, since it was realized that lottery profits could in no way be guaranteed.

The success story of Ontario lotteries is now, of course, history. Wintario has, in a joint effort with communities and individuals, funded 33,000 non-capital and capital projects in the areas of sports, fitness, recreation and culture. Key community facilities including arenas, art galleries, recreation centres and libraries have become realities. Special access grants to such facilities for the handicapped have also been provided. Other Ontario residents have, for example, been able to participate in out-of-town sports or cultural meetings, buy uniforms or equipment, or explore their heritage.

Lottario funds, too, will play a major role in providing a better tomorrow. Dedicated to similar purposes as Wintario, Lottario profits will be used for major construction projects.

Already proceeds have been allocated to extend the Ontario Educational Communications Authority TV Network to other parts of Ontario, and to assist in the construction of the new Massey Hall, the Royal Ontario Museum and the Sudbury Science Centre.

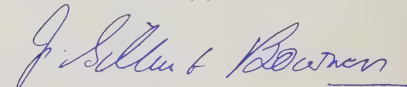
In the important area of research, Provincial lottery proceeds are making their contribution. Major centres in the province are engaged in medical, environmental and social service

studies, to name but a few, as a direct result of profits from this game. Super Loto funds have been earmarked for hospital capital projects.

I would like to take this opportunity to extend to the people of Ontario, the appreciation of the Board of Directors of the Ontario Lottery Corporation for their confidence and support over the past year. To the thousands of prize winners we offer our congratulations.

Whether or not we have won prizes, our lives have been made richer, and our future more secure, as a result of the Corporation's success. We are all winners.

We at the Corporation are dedicated to providing the most efficient and creative lotteries anywhere, based on the highest degree of integrity. As we look ahead to the coming year, we again make the commitment to do our best to maximize the proceeds of lotteries so that they may be returned to the Ontario mainstream where their investment will multiply in the years to come.



J. Gilbert Bowness,  
Chairman of the Board

# PRESIDENT'S REPORT

The Ontario Lottery Corporation entered the decade of the eighties by recording its most successful performance ever. During the fiscal year ended March 31, 1981, strong public support continued the previous year's momentum by boosting sales, prizes and operating profit/proceeds to record levels. At the same time, corporate operating expenses of 6.1% were the lowest of any Canadian government lottery operation.

Combined ticket sales of Wintario, Lottario, Provincial and Super Loto, amounted to \$490 million, a dramatic 51% increase of \$167 million from the year before. Prizes dedicated totalled \$270 million, up \$87 million, or 48% compared to a year ago. The percentage of sales allocated to prizes amounted to 55.1%.

In the same time frame, net profit/proceeds grew by \$56 million, or 60%, to reach an all-time annual high of \$149 million. These funds continue to be distributed to various ministries for recreational, fitness, sports, medical, environmental, social service and hospital capital projects.

Lotteries sustained their significant contribution to the Ontario economy through a wide variety of goods and services purchased from suppliers, distributors and the 20,000 small businesses acting as retailers.

The greatest factor in the Corporation's dynamic growth continues to be player enthusiasm for Lottario. This on-line number selection game saw average weekly sales climb from \$1.6 million to \$2.8 million this fiscal year—an overall 82% growth rate. During January, 1981, a weekly sales record of \$6.3 million was established when the largest tax-free North American Jackpot of \$1.909 million was available.

Wintario, the Corporation's original game, maintained its average weekly sales of \$4.4 million.

Consumer feedback played a major role in redesigning the Provincial and Super Loto games, which are jointly operated by all Canadian provinces through the Interprovincial Lottery Corporation.

The Provincial moved from a monthly to a weekly draw in January, 1981. Tickets are now eligible for five weekly draws. This fulfills player requirements to increase draw frequency and chances to win, at the same time adding more smaller prizes. A \$500,000 weekly grand prize with thousands of subsidiary prizes is featured. Lucky ticket pouches also contain a variety of instant prizes.

In December, 1980, almost a year after its launch, Super Loto was revitalized. The monthly game incorporates a design where players match consecutive digits across the six-digit ticket

number. A number of grand prizes of \$1 million and \$100,000 are offered along with subsidiary prizes. A popular scratch-off feature on each ticket stub is also available.

Looking ahead to fiscal year 1981/82, we expect a continuing growth pattern for Ontario's lotteries to prevail.

We are firmly committed to the belief that Ontarians deserve the very best lotteries available and are pledged to fulfill that promise.

With the continued support of Ontario citizens, we are certain that this decade will see our lotteries continue to make their special contribution to Ontario life.

The Corporation's performance on behalf of Ontario residents may be directly attributed to the skills and energies of the Board of Directors, staff, distributors and retailers throughout the province. Their collective strength has built an operation known for its integrity, efficiency and creativity.

In this, my first year as President of the Corporation, may I take this opportunity to express my thanks to this fine team.



D. Norman Morris,  
President



# ONTARIO LOTTERY CORPORATION

(Incorporated without share capital under The Ontario Lottery Corporation Act, 1974)

## BALANCE SHEET

as at March 31, 1981

### Assets

	1981	1980
	\$	\$
Current assets		
Cash	16,953,288	12,671,235
Prize funds	24,659,275	22,163,429
Accrued interest	677,177	519,299
Accounts receivable	10,273,190	8,474,612
Prepaid expenses	231,374	8,705,067
	52,794,304	52,533,642

### Liabilities

Current liabilities		
Prize money unclaimed	24,659,275	22,163,429
Net profit/proceeds due to the Treasurer of Ontario (notes 3, 4)	12,764,248	15,931,588
Accounts payable and accrued liabilities	6,147,503	4,983,752
Deferred income	9,223,278	9,454,873
	52,794,304	52,533,642

See accompanying notes to financial statements.

On behalf of the Board:

  
Director

  
Director

## STATEMENT OF NET PROFIT/PROCEEDS

due to the Treasurer of Ontario for the year ended March 31, 1981

	1981	1980
	\$	\$
Balance, beginning of year	15,931,588	7,086,960
Net profit/proceeds for the year		
Wintario	59,832,337	43,868,155
Lottario	56,880,103	27,799,763
Provincial	20,510,997	20,651,621
Super Loto	11,609,223	525,089
	148,832,660	92,844,628
Less payments to the Treasurer of Ontario on account of net profit/ proceeds:		
Wintario (note 3)	57,000,000	47,000,000
Lottario (note 3)	59,000,000	15,000,000
Provincial (note 4)	26,000,000	22,000,000
Super Loto (note 4)	10,000,000	—
	152,000,000	84,000,000
Balance, end of year		
Wintario	4,981,117	2,148,780
Lottario	1,546,572	3,666,469
Provincial	4,102,247	9,591,250
Super Loto	2,134,312	525,089
	12,764,248	15,931,588

*See accompanying notes to financial statements.*

# ONTARIO LOTTERY CORPORATION

## STATEMENT OF OPERATIONS

for the year ended March 31, 1981

	1981	1980
	\$	\$
Cash ticket sales	422,884,341	287,396,646
Free tickets	67,448,475	36,390,520
	490,332,816	323,787,166
Less commissions—retailers and distributors	41,202,846	28,292,507
	449,129,970	295,494,659
Prizes		
Wintario—cash	83,466,000	65,115,200
—free tickets	52,122,245	19,805,345
Lottario	74,066,297	40,732,065
	209,654,542	125,652,610
Cost of tickets (note 2)		
Provincial—cash	27,618,797	35,717,784
—free tickets	11,159,490	16,585,175
Super Loto—cash	17,724,146	4,777,570
—free tickets	4,166,740	—
	60,669,173	57,080,529
Operating expenses		
Advertising	10,158,060	8,517,274
Ticket printing	6,073,031	3,667,747
Administration and other expenses	9,611,891	7,933,851
Payment to Government of Canada (note 5)	9,371,806	2,122,200
Equipment	1,486,817	1,925,763
	36,701,605	24,166,835
Operating income	142,104,650	88,594,685
Interest	6,728,010	4,249,943
Net profit/proceeds for the year	148,832,660	92,844,628

See accompanying notes to financial statements.



# NOTES TO FINANCIAL STATEMENTS

March 31, 1981

## 1. Significant Accounting Policies

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles except for fixed assets which are written off to operations at the time of acquisition.

## 2. Provincial and Super Loto

Pursuant to section 7(b) of The Ontario Lottery Corporation Act, 1974, the Corporation was authorized by the Lieutenant Governor in Council to enter into agreements with other provinces regarding an interprovincial lottery scheme. The Provincial and Super Loto lotteries are joint undertakings by all provinces acting through the Interprovincial Lottery Corporation, a company incorporated under the Canada Business Corporation Act, the shares of which are held by Her Majesty the Queen in right of the respective provinces.

The Ontario Lottery Corporation is the Regional Marketing Organization for the Provincial and Super Loto in Ontario. The Corporation purchases tickets for these games from the Interprovincial Lottery Corporation. The cost of tickets purchased from the Interprovincial Lottery Corporation is composed of the proportional share of prizes based on the number of tickets purchased, plus operating expenses less relevant interest earnings of the Interprovincial Lottery Corporation.

## 3. Net Profits—Wintario and Lottario

Pursuant to section 9 of The Ontario Lottery Corporation Act, 1974, the net profits of the Corporation after provision for prizes and the payment of expenses and operations, are

payable into the Consolidated Revenue Fund of the Province.

## 4. Net Proceeds—Provincial and Super Loto

Pursuant to Orders in Council 3034/76 and 1940/80, all moneys attributed to or accruing to Ontario from the Provincial and Super Loto after providing for prizes and the payment of operating expenses, are payable into the Consolidated Revenue Fund of the Province of Ontario to be held in trust.

## 5. Payment to Government of Canada

An agreement was made between the Government of Canada and the Province of Ontario in August, 1979 which stipulated that the Government of Canada would withdraw from the sale of lottery tickets effective December 31, 1979. Effective January 1, 1980 the agreement required the provinces to remit quarterly to the Government of Canada the sum of \$6 million, appropriately adjusted to reflect the effects of inflation.

Ontario's 1980-81 share of the payment was \$9,371,806 (1980—\$2,122,200) and was remitted to the Government of Canada through the Interprovincial Lottery Corporation.

## 6. Comparative Figures

Certain of the comparative figures for 1980 have been reclassified where necessary to conform to the 1981 presentation.

# ONTARIO LOTTERY CORPORATION



Office of the  
Provincial  
Auditor.

To the Board of Directors of the Ontario Lottery Corporation and to the Minister of Culture and Recreation.

I have examined the balance sheet of the Ontario Lottery Corporation as at March 31, 1981 and the statements of operations and net profit/proceeds due to the Treasurer of Ontario for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1981 and the results of its operations for the year then ended in accordance with the accounting policy described in Note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Corporation and to the Minister.

F.N. Scott, F.C.A.,  
Provincial Auditor.

Toronto, Ontario  
July 31, 1981.

# DISTRIBUTION OF GROSS INCOME

During the fiscal year 1980/81, the Corporation's gross income of \$490 million was distributed as follows:

**Prizes:** Prizes for Wintario, Lottario, Provincial and Super Loto amounted to \$270 million.

**Net Profit/Proceeds:** \$149 million was generated for the Consolidated Revenue Fund representing the net profit/proceeds for the year.

**Operating Expenses:** The Corporation's operating expenses, which included advertising, ticket printing, administration and other equipment expenses, amounted to \$27.3 million. An additional \$9.4 million was paid to the federal government under terms of the federal-provincial agreement of August, 1979. This agreement governed the withdrawal of the federal government from the lottery field.

**Commissions:** The Corporation utilizes a network of 49 independent business men and women as distributors to service 20,000 retail outlets throughout the province. In 1980/81 fiscal year, commissions paid by the Corporation totalled \$41.2 million, broken down as follows:

Retail outlets received 8 cents for each Wintario ticket they sold, 25 cents for each Provincial ticket and 50 cents for each Super Loto ticket. Lottario agents received 5 cents for each selection recorded.

Distributors received an average of 2 cents for each Wintario ticket, 11.25 cents for each Provincial ticket and 22.5 cents for each Super Loto ticket they sold.

Prizes 55.1%

Net Profit 30.4%

Commissions 8.4%

Operating Expenses 6.1%



# SIX YEAR REVIEW

## SIX YEARS IN REVIEW—OPERATING HIGHLIGHTS

(\$000)

	1975/1976	1976/1977	1977/1978	1978/1979	1979/1980	1980/1981
SALES	97,137	218,793	240,431	235,105	323,787	490,333
COMMISSIONS	12,528	22,353	24,187	22,481	28,292	41,203
PRIZES	36,095	95,531	108,291	123,886	182,733	270,324
TOTAL OPERATING EXPENSES	5,960	10,091	11,447	14,490	22,196	36,702
INTEREST	760	1,982	1,880	2,481	4,250	6,728
INCOME	43,314	92,800	98,386	62,613*	92,844*	148,833
NUMBER OF GAMES	wintario	wintario	wintario	wintario	wintario	wintario
		Provincial	Provincial	Provincial	Provincial	Provincial
				LOTTARIO	LOTTARIO	LOTTARIO
					Super Loto	Super Loto

\*After Extraordinary Expenses

# OUR GAMES

When you talk, we listen. That's why Ontario's lotteries have been consistent winners with our province's players. And fiscal year 1980/81 was no exception. In-depth consumer research played a key role in the evolution of the Provincial and Super Loto, which underwent changes.

## WINTARIO

Ontario's original \$1-a-ticket game continued its popular weekly draw format for 276,620 prizes worth \$3,015,000 every week (based on an issue of five million tickets). Nine separate draws of two, three, four, five and six-digit numbers for prizes of free books of tickets, \$10, \$100, \$1,000, \$25,000 and \$100,000 are made every Thursday. There were five bonus draws which returned \$8 million in unclaimed prize money to players.

## LOTTARIO

This on-line number selection game dramatically increased its player base this year. The popularity of our active game where players choose their own six numbers from a series from one to 39 was clearly demonstrated. There were twenty seven Lottario Jackpots between \$178,000 and \$1.909 million, the latter being the largest tax-free prize in North American history.

## PROVINCIAL

A new day dawned for the \$5-a-ticket Provincial in January, 1981, and the familiar sunshine logo moved from a monthly draw to a weekly format. Each ticket is now valid for five consecutive draws and every week a seven-digit ticket number is selected for a grand prize of \$500,000 and subsidiary prizes of \$10, \$25, \$100, \$1,000

and \$50,000. Instant bearer cheques for \$5, \$50, \$500, \$5,000 and free tickets are offered inside lucky pouches.

## SUPER LOTO

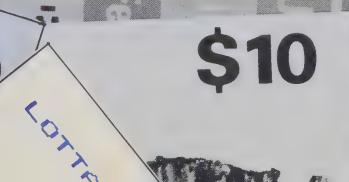
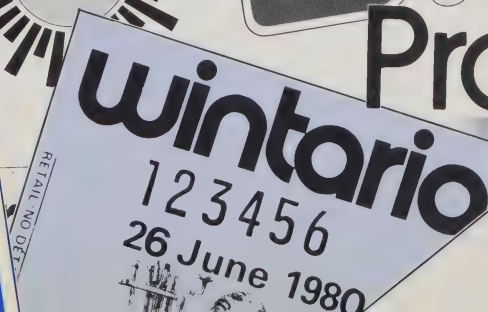
In late 1980, Super Loto also took on a new look. It moved to a monthly draw format and introduced a new ticket design. Game innovations included nine separate draws of two, three, four, five and six-digit numbers, which may be matched consecutively anywhere in the ticket number. Three prizes of \$1 million, fifteen of \$100,000 are now offered as well as subsidiary prizes of \$100, \$1,000 and \$10,000, based on an issue of three million tickets. The scratch and win instant prizes of free tickets, \$10, \$100, \$1,000 and \$10,000 are also popular additions.

# Super Loto



# LOTTARIO

# Provincia



# WINNERS

Smiles. They stretch from Kenora to Ottawa; Moosonee to Windsor. And the reason for their smiling faces? Well, they have all been winners in Wintario, Lottario, Provincial and Super Loto.

Over the past year, prizes ranging from free tickets to \$1,909 million have been presented to 19.6 million winners. In fact, total lottery prizes reached \$261 million. It's no wonder they have something to smile about!

- 1 Mr. & Mrs. Regent Labbe and daughter, Welland, \$697,333.40. Lottario
- 2 Mrs. Hilda Appleby, Cambridge, \$1,000,000. Super Loto
- 3 Mr. and Mrs. Andy Maddock and daughters, Peterborough, \$100,000. Wintario
- 4 Mr. and Mrs. Roger Leduc, Cornwall, \$100,000. Wintario
- 5 Mr. and Mrs. Robert Talbot and family, Oshawa, \$1,000,000. Super Loto
- 6 Mr. and Mrs. Ernest Passmore, Hamilton, \$100,000. Super Loto
- 7 Mr. and Mrs. Frank Alvaro pictured with The Honourable Reuben Baetz, Minister of Culture and Recreation, Weston, \$1,907,452.70. Lottario
- 8 Mr. and Mrs. Ken Mathewson, Ridgeway, \$100,000. Provincial
- 9 Mr. Roy Percival, Sarnia and Mr. Bert Milton, Forest, \$246,948.50. Lottario

- 10 Mr. and Mrs. John Hundt, Chatham, \$100,000. Provincial
- 11 Dr. Ferdinand A. Thomas, Don Mills, \$209,776.90. Lottario







# GRANTS

Making Ontario a better place to live: that's the whole purpose of provincial government lotteries. This year our four games generated a record \$149 million for special projects to add to the quality of life in Ontario.

Each lottery grant program aids different areas of need. Wintario and Lottario focus on sports, fitness, recreation and culture. The Provincial assists medical, environmental and social research. Super Loto helps hospital capital projects.

## WINTARIO

Wintario generated \$60 million in profits this year, bringing its six-year contribution to the Ministry of Culture and Recreation to \$344 million. Over 33,000 capital and non-capital projects, in the areas of arts, heritage, library, citizenship, sports, fitness, recreation and culture have become realities. The program's success is based on the partnership between communities and government, since each Wintario grant must be matched by the applicant.



## LOTTARIO

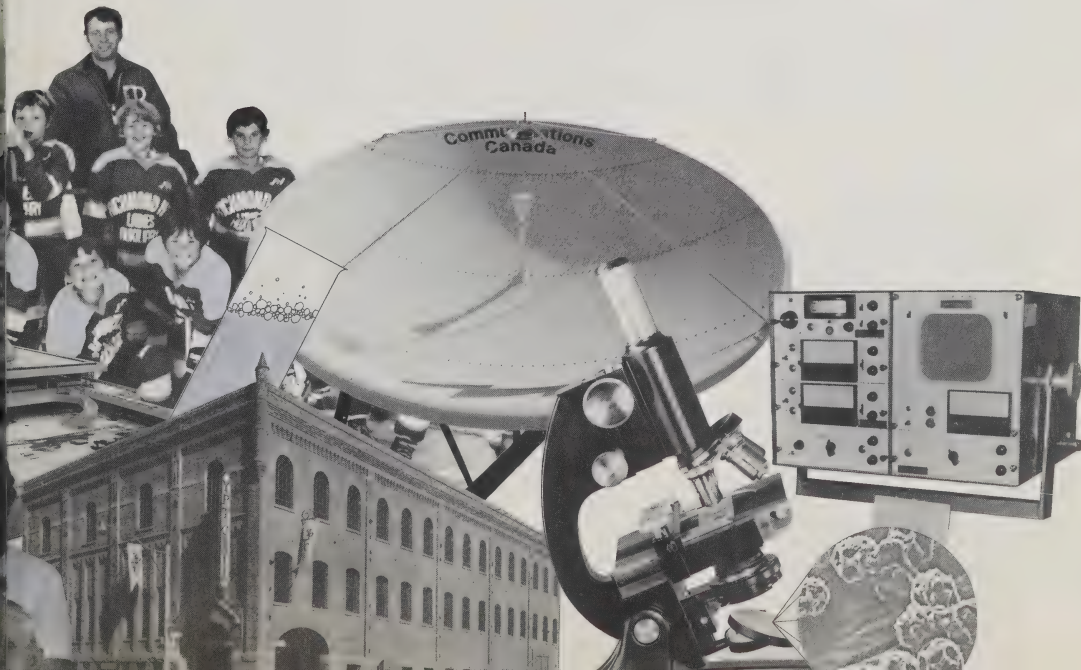
Lottario has raised \$76 million since it began; \$57 million in the last fiscal year. Major construction grants to extend the TV OECA Network and to help build the new Massey Hall, the Royal Ontario Museum and the Sudbury Science Centre were announced this year.

## SUPER LOTO

Super Loto net proceeds of \$11.6 million this fiscal year have been earmarked for hospital capital projects.

## PROVINCIAL

The Provincial recorded net proceeds of \$108 million in five years, with \$20.5 million in fiscal 1980/81. The ministries of Health, Labour, Environment, Agriculture and Food, Natural Resources, Community and Social Services and the Provincial Secretariat for Justice allocate these funds to health, environmental and social service research projects. Studies into major diseases, the environment and occupational health are currently under way.





• Dryden

• Geraldton

ainy River

**\$1 Million**

1	2	3	4	5	6
---	---	---	---	---	---

**Super  
Loto**  
Helping  
Ontario  
Hospitals  
Win

• Sault Ste. Marie

• Little Current

• Sudbury

• Powassan

• Midland

• Owen Sound

• Chesley

• Durham

• Erin

• Kincardine

• Clinton

• Woodstock

• Chatham

• Blenheim

• Aylmer

Burlington

Grim



# DRAW SHOWS



Watch for it, it may roll into your town. That is if it hasn't already paid you a visit in recent years!

The Wintario travelling show has been bringing the fun and excitement of live television draws to communities throughout the province for the past six years—and 175 draws. While it's been to every Ontario county there are still many new communities to visit and thousands more people to meet.

Wintario's loyal television audience of half a million people continue to tune in every Thursday night at 9:00 p.m. to the live draw hosted by Faye Dance and Greg Beresford, making it one of the most popular shows on the Global Network.

Lottario, too, is another television favourite. Host Bill Lawrence conducts the live draw every Saturday night at 11:00 p.m. on the Global Network when players may see if their six lucky numbers have come up.

Provincial winning numbers are broadcast over the Global Television Network at approximately 5:59 p.m. and 11:10 p.m. every Friday night.

Super Loto winning numbers are also announced over the Global Television Network at approximately 6:50 p.m. the last Sunday of each month.



The Ontario Lottery Corporation was established in 1975 with the specific responsibility of developing and managing provincial government lotteries.

Since then, in its capacity as a Crown Corporation, more than \$539 million have been generated through Ontario's lotteries for public projects.

Physical fitness, sports, cultural, medical, environmental, social service and hospital capital projects are the beneficiaries of lottery proceeds.

The symbol of the Corporation blends the letter "O" for Ontario and "L" for Lottery. Together they signify the Ontario Lottery Corporation's raison d'être: to enable the people of Ontario to join in the fun and excitement of their own lotteries, while contributing to the quality of life through a variety of worthwhile activities.



Ontario

**Ministry of  
Culture and  
Recreation**

**Hon. Reuben C. Baetz  
Minister  
Ward Cornell  
Deputy Minister**





## Composition of Board Reflects Diversity of Ontario

*Selected from all over the province and from all walks of life, the nine members of the Ontario Lottery Corporation board bring a variety of unique perspectives to their policy-making responsibilities.*



*Directing Corporation activities are board members (left to right) Mary Callaghan, C. Ronald S. MacKenzie, Monique Jacques, Fern Guindon, Donald J. MacLean, Albert Hansen, J. Gilbert Bowness, C. Gordon Ross and D. Norman Morris.*

**J. Gilbert Bowness**, chairman – North Bay. (Sept. 22, 1976 – Feb. 16, 1985). Mr. Bowness also serves as vice-president of the Interprovincial Lottery Corporation. He is a senior executive with an investment firm.

**Donald J. MacLean**, vice-chairman – Willowdale. (Feb. 17, 1976 – Feb. 16, 1985). A director of the Interprovincial Lottery Corporation, Mr. MacLean is a former president of the Life Underwriters of Canada.

**Mary F. Callaghan**, director – Toronto. (Feb. 17, 1981 – Feb. 16, 1984). Mrs. Callaghan is a journalist contributing to a variety of publications.

**Fern Guindon**, director – Cornwall. (Feb. 17, 1975 – Feb. 16, 1984). A board member since the Corporation's creation, Mr. Guindon was member of the Legislature for Stormont from 1957-1974, having held key cabinet posts during this time.

**Albert Hansen**, director – Ottawa. (Oct. 29, 1981 – Feb. 16, 1985). Mr. Hansen is a retired financial executive from the automobile industry and a director of the Interprovincial Lottery Corporation.

**Monique Jacques**, director – Kapuskasing. (Feb. 17, 1981 – Feb. 16, 1984). A vice-chairman of the Kaspuskasing Separate School Board, Mrs. Jacques is also a teacher.

**C. Ronald S. MacKenzie, MD**, director – St. Catharines. (Feb. 17, 1981 – Feb. 16, 1984). Dr. MacKenzie holds a senior appointment at Hotel Dieu Hospital and is a specialist in obstetrics and gynaecology.

**D. Norman Morris, CA**, president – Mississauga. Mr. Morris is the chief executive officer of the Corporation and a director of the Interprovincial Lottery Corporation.

**C. Gordon Ross, BD**, director – Scarborough. (June 11, 1981 – Feb. 16, 1983). Ordained a United Church minister in 1967, Mr. Ross is presently pastor of Knob Hill United Church.



# Seven Years of Growth

*When the Ontario Lottery Corporation opened for business in the spring of 1975, few would have predicted the importance of its future role.*

**T**HE creation of the Crown corporation by the Ontario Legislature in February of that year had one purpose: to keep the millions of lottery dollars flowing out of the province at work at home.

With the responsibility for developing and managing provincial government lotteries, the Corporation turns over its profits to the Consolidated Revenue Fund. From there, the funds are dispersed through a variety of ministries to sports, physical fitness, cultural, recreational, health and environmental research and hospital capital projects.

In establishing the grants programs, it was recognized that lottery profits could not be guaranteed. Because of this, projects receiving lottery funds were targeted

as those which would normally not qualify for conventional government financing.



*The Honourable Reuben Baetz, Minister of Tourism and Recreation, purchased the first Lottario ticket in November, 1978, from Bob Ellis (right), proprietor of Malham's Smoke Shop in Ottawa.*

## New games added as corporation expands

Providing the right variety of products to please everyone's taste has also played a part in the Corporation growth. When Wintario began in 1975, players greeted it enthusiastically since they liked the idea of a low-cost, home-grown game.

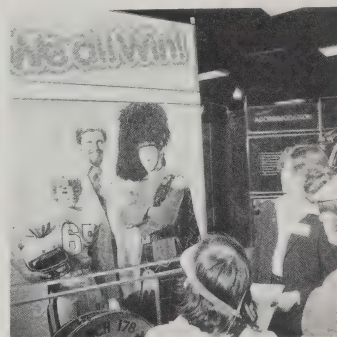
The Corporation's second venture was the \$5-a-ticket game called Provincial. Launched in October, 1976, it is a joint

project of all Canadian provinces through the Interprovincial Lottery Corporation.

By the fall of 1978, Ontario was ready for a game where players could pick their own numbers. Lottario, the world's first on-line lotto game, was launched to meet the demand.

Super Loto, at \$10 a ticket, was introduced two years later in January, 1980, when the federal government turned over all lottery administration to the provinces.

And in June, 1982, Lotto 6/49, a coast-to-coast, on-line number selection game made its debut.



*Communication is the name of the game, and a travelling information display does just that in shopping malls, fairs and exhibitions across the province. Corporation staff are on hand with answers to lottery questions.*



*One of the keys to Wintario's seven-year success story is the travelling draw which originates from a different community each week. Colourful banners herald the show's arrival in town.*

## SEVEN YEAR REVIEW

### OPERATING HIGHLIGHTS (in thousands of dollars)

	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81	1981/82
<b>SALES</b>	97,137	218,793	240,431	235,105	323,787	490,333	506,896
<b>COMMISSIONS</b>	12,528	22,353	24,187	22,481	28,292	41,203	41,398
<b>PRIZES</b>	36,095	95,531	108,291	123,886	182,733	270,324	271,893
<b>TOTAL OPERATING EXPENSES</b>	5,960	10,091	11,447	14,490	22,196	36,702	44,974
<b>INTEREST</b>	760	1,982	1,880	2,481	4,250	6,728	8,889
<b>INCOME</b>	43,314	92,800	98,386	62,613*	92,844*	148,833	157,520
<b>NUMBER OF GAMES</b>	1	2	2	3	4	4	4

\*After Extraordinary Expenses



# Behind-the-Scenes Staff Key to Success

*What does it take to operate a half a billion dollar business operation like the Ontario Lottery Corporation? The answer is 'top business skills'.*

**T**HE performance of the Ontario Lottery Corporation — like any other business venture — can only be measured by the achievements of the men and women that make up its management and staff.

## Senior management backbone of organization

Forming the organization's backbone is a team of experts in sales, marketing and operations. It is their job to transform board policy into reality.

This is done by systematic research, planning and adherence to sound business principles.

In an industry launched less than a decade ago in Ontario, new ground is constantly broken by the Corporation to meet the challenges and opportunities faced.

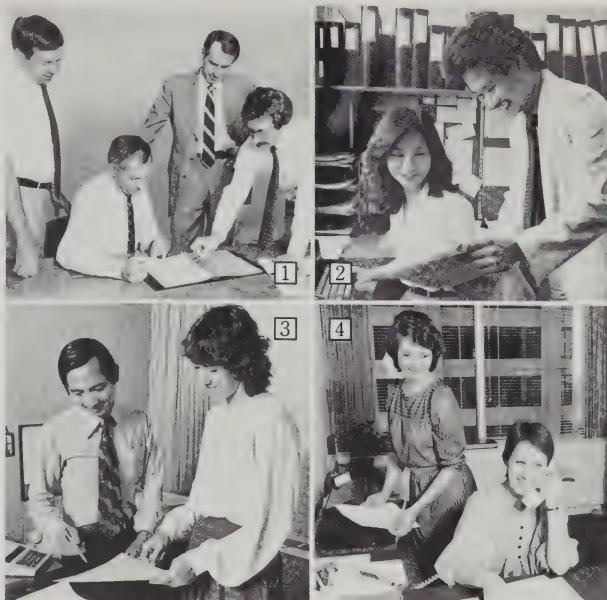
## Staff play key role behind the scenes

If senior management of the Ontario Lottery Corporation is its backbone, then the 170 staff and 49-member distribution network must surely be its lifeblood.

Each plays a key role in the demanding behind-the-scenes activities that make Ontario's lotteries an industry standard.

The story starts in the Marketing department where games and new features originate. Field research pinpoints player preferences. These results are translated into game enhancements to meet consumer demand. Ticket design, advertising and merchandising are used to explain important facts to players.

Corporate advertising is concentrated on informing consumers about winning numbers, upcoming draws and game features. Good taste has always been the basis of the advertising policy, which avoids both the encouragement of overspending and the promotion of excessive expectations.



1. The Corporation's day-to-day activities are directed by (from right to left) Adam Hawkins, executive vice-president; Douglas R. Mackie, vice-president, Marketing; J. Michael Holroyde, vice-president, Sales and Distribution and John Van Camp, controller, under the leadership of D. Norman Morris, president.

2. Sales and Distribution staffers like Carmen Li and Ramiro Morales (right) monitor the flow of tickets across the province.

3. Accounting Supervisor, Adriana Wilcox, reviews sales statistics with Finance staff member, Ping Ye Chan.

4. Debbie Nickerson (left) and Judy Bourgard are part of a hard-working Operations team geared to keeping the Corporation running smoothly.

Next, the Sales and Distribution team moves into action. Tickets for Wintario, Provincial and Super Loto games are shipped to warehousing facilities all over Ontario. They are dispersed by independent distributors to a giant 19,000-strong retailer network. The team works quickly and smoothly to make sure millions of tickets reach their destination on time each week.

On-line lotto games, like Lottario and Lotto 6/49, are also supervised by the

Sales and Distribution department. They are kept operating by technical experts with state-of-the-art computer technology administered by the Operations department, an all-encompassing and multi-talented group.

Part of this group is the Draws department, whose staff, following strict security measures, organizes and supervises Wintario and Lottario draws. Each live Wintario draw show is a joint effort by the Draws staff, Global television and community organizers. Months of advance planning ensure each show proceeds like clockwork.

After the draws, lucky winners then collect their prizes at retailers, banks or at the Toronto Prize Office, under the supervision of the Finance

department.

Keeping the internal wheels of the entire well-oiled machine turning are the Administration, Personnel and Internal Audit departments.

## Public relations common denominator

Basic to all activities is dialogue between players and Corporation.

It is this two-way communication that provides valuable input into every phase of the Corporation's activities.

Every year consumers write over 30,000 letters. Each is answered, as are more than 50,000 telephone calls, by the busy Public Relations department.

A travelling display, complete with draw machine and knowledgeable staff, brings the Corporation to consumers at shopping malls and exhibitions.

Questions on games, how the draws are operated, security procedures and how lottery proceeds benefit the province are all answered. In addition, literature is also available, and 'Special' staffers, Winnie the Bear and Early Bird, are guaranteed crowd-pleasers during their many public appearances.

## Distributors Play Important Role in Lottery Success

*It's no mean feat distributing millions of lottery tickets throughout a market the size of Ontario. But come rain or shine, 49 men and women are geared to do just that.*

**T**HE Ontario Lottery Corporation's ticket distribution network consists of a province-wide team of independent business professionals.

Appointed by the board of directors, each distributor has a task that to many would be overwhelming: providing retailers with millions of Wintario, Provincial and Super Loto tickets for their customers.

Working closely with the Sales and Distribution department, distributors develop retail outlets in their designated sales areas. They also service Lottario and Lotto 6/49 agents, ensuring, at the same time, that all products are well displayed and important information is readily available to players.

Distributors act as wholesalers, buying their tickets from the Corporation and selling them to vendors. Incomes are calculated by commission on ticket sales.

The Corporation demands stringent business and financial standards from its distributors and closely monitors and assists them to ensure they are met.

Because of the frequency of lottery draws, the speed of delivery — often to large geographical territories — is of the essence. Add to this a climate of great extremes and the demanding nature of the job is underscored.

### Network of 19,000 retailers keep tickets moving

Forming the final link in the distribution chain is the 19,000-member retailer network.

One of the largest systems of its kind, the network ensures that practically everywhere you go in the province, you'll find somewhere to buy a lottery ticket.

From Moosonee to Madoc; from Toronto to Thunder Bay, there are gas stations, corner variety stores, barber shops, chain stores, shopping mall information centres and workmates ready and willing to serve. Over 1,900 retailers are also agents for on-line ticket games.

The commissions earned by retailers on ticket sales, prize redemptions and bonuses for selling major prizewinning tickets, are an important source of income to many operators.

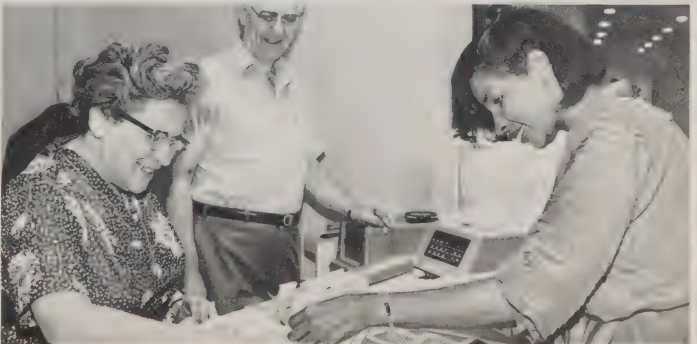
As well, service groups and non-profit organizations find that the commissions from lottery ticket sales are an excellent way to raise funds for their groups' community activities.



*A six-person Distributor Council acts as a liaison between distributors and Corporation, forging co-operative plans and developing future opportunities.*



*The annual distributor award for exceptional performance in 1981 was given to Oshawa-area distributor Bill Gadd (right) by D. Norman Morris, Corporation president.*



*The Corporation's tickets may be found in 19,000 retail outlets across the province. Some, like this kiosk, are dedicated solely to the sale of lottery tickets.*



# Made-in-Ontario Games Geared to Local Players

*Like any other product in the entertainment industry, lotteries feature the elements that appeal to their players.*

**M**OST people say that playing lotteries is like going to the movies. It's a low-cost form of entertainment that is exciting to play, whether you watch the draw on television, or not.

Wintario and Lottario games were specifically designed with Ontario residents in mind. Only available in this province, the \$1-a-ticket games meet player demand by offering major cash prizes as well as thousands of other smaller ones.

## Wintario beats the odds in game life-span

There's never been anything quite like Wintario in North American lottery history, say experts who should know.

Mainly because lotteries, have a definite life-span. Perhaps two years; perhaps two and a half.

Wintario, on the other hand, has just celebrated its seventh birthday and shows no sign of quitting.

One reason for its success is the tremendous public acceptance earned at across-the-province draws.

Another lies in keeping the game fresh and exciting for players.

## Different strokes please folks

During this fiscal year, several new twists were added to Wintario, bringing total prizes for an average draw (based on five million tickets) to 283,260 prizes worth more than \$3 million.

In June, 1981, and again in February, 1982, a three-week Jumbo bonus draw was held. Funded from unclaimed prize money, specially-printed tickets during three consecutive draws had a bonus ticket stub with an extra six-digit and series number. Players matching only the bonus number won \$1,000, \$5,000 or \$10,000 prizes. These increased tenfold if the series number matched too.

In October, 1981, scramble and two-



*In just seven years, the Wintario show has travelled 70,000 kms. — the equivalent to three times around the world. Faye Dance and Greg Beresford host the live draw from a different community each week.*

*Lottario's mascot, Early Bird, and show host Bill Lawrence, team-up in the live Lottario draw.*

way play prizes were added.

\$50 scramble winners match the six-digit number drawn in any order on their ticket.

The two-way play feature offers prizes of \$5,000, \$100 or \$10 on the first or last

five, four or three digits of the \$100,000 winning number.

## Lottario hits the jackpot

When it comes to popularity, Lottario has hit the jackpot. In fact, during the last fiscal year, the on-line game continued to grow faster than any other as more and more people tried their luck at picking their own numbers.

To play Lottario, participants mark six numbers on a selection slip. Via the Ontario-wide network of on-line agents, the chosen numbers are entered into a terminal and recorded on the central Ontario Lottery Corporation computer.

Each week, a random chance draw determines six regular numbers and one bonus number. During the fiscal year 1981/82, there were 33 Jackpots ranging from \$280,776.60 to \$1,341,112.30.

In order to increase the accessibility of the game, the on-line terminal network expanded to 1,900 locations.

## Creative solution reduces customer line-ups

With sales growing, more and more people played Lottario between Thursday night and Saturday. What was needed was a creative solution to persuade players to buy their tickets early in the week to avoid line-ups and computer overload.

Solutions come in different guises. And who would have guessed that a yellow feathered friend in a tartan waistcoat would coax one-third of our players to change their shopping habits.

But coax them, Early Bird did. In July, 1981, the friendly character introduced a \$50,000 prize pool for players buying their tickets between Sunday and the close of business Wednesday. A four-number draw exclusively for Early Bird players, was added to the regular Saturday night Lottario draw.



# Coast-to-Coast Games an Interprovincial Venture

*If you travel in Canada, you'll find some games are nation-wide.  
They are operated by the Interprovincial Lottery Corporation,  
which represents provincial interests.*

**T**HE Ontario Lottery Corporation markets and distributes tickets in Ontario for those games administered by the Interprovincial Lottery Corporation. Profits stay in the province where tickets are sold and are allocated by each provincial government.

## Provincial offers unique player promotions

Each \$5 ticket in the weekly Provincial game is eligible for five consecutive draws. Offering grand prizes of \$500,000, \$50,000 and many other instant and draw prizes, this game featured some unique player promotions during the fiscal year 1981/82.

In September, 1981, 50 lucky Ontario couples won an all-expense paid weekend for two in Montreal. Hosted by hockey 'great' Paul Henderson, the climax was the Canada Cup hockey final.

In addition, a Black Cat bonus draw tempted the fates by offering 13 prizes of \$131,313.13 on the traditionally unlucky Friday, November 13th. A Lucky Leprechaun bonus draw coincided with St. Patrick's Day in March, 1982 with 20 extra prizes of \$100,000 each.

## Super Loto millions still popular draw

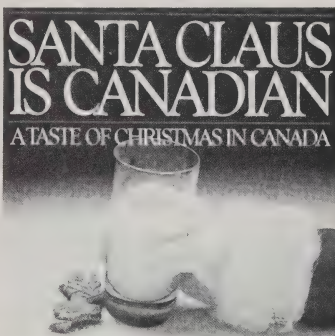
Super Loto, still the only regular million dollar lottery, continued to be a favourite with players every month.

During the year there were 38 \$1 million prizes available; 145 of \$100,000 and thousands of other smaller draw and scratch-off prizes.

The \$10-a-ticket game, had three bonus draws during the year in which a total of \$9 million in unclaimed prize money was offered.

## Record proves popular Xmas gift

When it comes to getting in the Christmas



spirit, what better way than to hum along with some seasonal songs. And if they're original Canadian songs, written, performed and recorded by top Canadian artists, so much the better.

'Santa Claus is Canadian', a record commissioned by the Ontario Lottery Corporation, took everyone's fancy during the holiday season. In fact, it turned 'platinum' with its distribution of 200,000 copies.

It was offered in December, 1981, as a bonus with the purchase of a \$20 tri-pack of Wintario, Provincial and Super Loto tickets.

Likely to become a Lottery Corporation tradition of its own, the project was a 'hit' in music circles too, where the opportunity to create original Canadian 'standards' was received enthusiastically.

## Lotto 6/49 debuts

While Ontario and Quebec players

have been able to play on-line number selection games for several years, people in other parts of Canada could not.

Following months of planning by the Ontario Lottery Corporation, Loto Quebec, Western Canada Lottery Foundation and Atlantic Lottery Corporation, the national Lotto 6/49 game was launched by the Interprovincial Lottery Corporation in June, 1982.

With a national network of 4,500 terminals in Canada, Lotto 6/49 is played in a similar manner to Lottario.

Players choose six numbers from a consecutive series of 1 to 49. The selections, which will cost \$1 each, are entered into the central computer via a terminal operated by an authorized agent.

There is a guaranteed minimum Jackpot of \$500,000, with prize values determined on a shared basis.

At game maturity, it is expected that Jackpots will reach \$1 million weekly, with the possibility of building higher if not won.



*A first in the lottery field, the Christmas record featured original Canadian music.*

*Provincial Canada Cup winners Donna and Mike Devolder (right) en route to Montreal with host Paul Henderson.*

*Lotto 6/49 is hosted every Saturday by Thomas Gibney.*

*Advertising kept players up-to-date with lottery changes.*

# New Money in the Bank Usually Means Feet on the Ground

*Does winning a lottery change your life? While it may improve your standard of living a little, research shows that most big prize winners don't alter their lifestyles dramatically.*

**A**CCORDING to a survey conducted by the Ontario Lottery Corporation, most of the prize money is banked or invested and the vast majority of winners keep on working.

The research was carried out among over 1,000 prize winners of between \$7,000 and \$1 million during a one-year period.

## Recipients bank or invest winnings

The survey confirmed what the Ontario Lottery Corporation had always believed: that Ontario winners treat their good fortune sensibly, rarely changing their lifestyle.

Statistically the survey showed:

- 93.8% of respondents did not give up their job
- 82.5% banked their winnings or invested them in securities, bonds or short-term notes
- 37.1% shared their prizes with charities, family and friends
- 21.6% took a vacation

- 19.2% purchased a new vehicle
- 18.2% paid off their mortgages or bought a new home
- other uses for the prize money included repayment of debts (4.8%) and education for self or family (3.1%).

Two findings which were encouraging to the Corporation were that 97.3% of winners claimed to have received fair and courteous treatment from the news media and that 89% were not solicited for donations. Of those that were, over two-thirds said they had no problem with the requests.

## Nearly 19 Million Prizes Claimed

The four games - Wintario, Lottario, Provincial and Super Loto produced nearly 19 million prizes worth \$250 million, ranging from free tickets to \$1.34 million.

Game integrity continued to be preserved by regulations giving the Corporation the right to make public a winner's name, address and photograph. In this way, all players are assured that prizes are awarded.

## Unclaimed prizes returned to players

Once a prize has been dedicated, it is paid into a prize account and remains a prize until won.

At the end of the one-year prize claiming period, unclaimed funds are moved to a special prize account to be returned to players in the form of bonus prizes.

On average, about 90% of all prizes are claimed.

## 85% of Ontario households buy tickets

Lottario players and winners come from all walks of life, from every social and economic background. When it is considered that 85% of all Ontario households have bought tickets at one time or another, it's not hard to believe.

## Lower income group participates less

Of significance is the fact that only 8.6% of players have household incomes below \$10,000, shattering the myth that people with lower income buy more lottery tickets than any other group.

## Lottery purchasers show commonsense approach

When it comes to buying lottery tickets, Ontario consumers have a commonsense approach. They spend neither a lot of time thinking about them, nor a lot of money in pursuit of them.

Research shows that 66% of Wintario players spend under \$10 and 82% spend less than \$20 during an average eight-week period.

Lottario players continue this purchase pattern with 56% spending less than \$10 and 71% spending less than \$20 in the same time-frame.

In the Provincial, 69% of players spend less than \$10 and 81% spend \$20 or less during a two-month period.

During an average three-month period, 62% of Super Loto players spend less than \$20.

## Who buys lottery tickets?

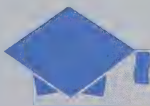
Male	48%
Female	52%

### Ages



18 - 24	14%
25 - 34	28%
35 - 44	21%
45 - 54	18%
55 +	20%

### Education



Public School	12%
High School	52%
Some Post Secondary	17%
Community College	8%
University	10%

### Household Income



under \$10,000	8.6
\$10,000 - \$19,999	25.7
\$20,000 - \$29,999	32.8
\$30,000 - \$39,999	18.6
\$40,000 +	14.3



# How Some Winners Handled Their Luck

*Many major prizewinners greet their win with disbelief. Then they bank their winnings, catching their breath before deciding how to use their good fortune.*

**F**OR Bonnie and Angelo Santangelo of Toronto, the \$131,313.13 won on the November 13, 1981 Provincial bonus draw, was just what the doctor ordered.

Recently recovered from a heart-attack, Mrs. Santangelo found a new lease on life.

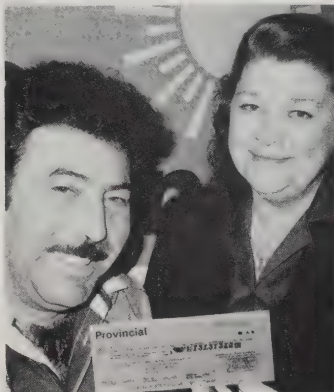
First was a dream vacation to Paradise Island in the Bahamas, followed by a family reunion in Italy.

But the most pleasure came from sharing her good luck with friends and relatives.



**F**INANCIAL advice was close at hand when mother and daughter Eva and Erin Agnew of Windsor collected their tax-free \$1 million Super Loto prize in the November 29, 1981 draw. In fact, it was the form of husband/father Ed Agnew, City of Windsor finance commissioner.

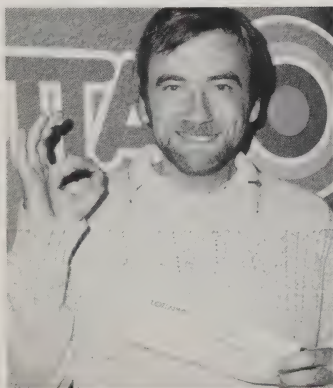
Mrs. Agnew plans to invest her share, saying that it won't change her outlook on life. For Erin, the win allowed her to return to art school.



**F**OR John and Shirley MacFarlane of Kingston, their \$369,260.10 Lottario win on September 5, 1981 turned dreams of owning their own business into reality.

Their new retail video store — a down-to-earth family venture — employs four of their five children as well as a daughter-in-law.

And another wish to support underprivileged children in developing countries has been fulfilled with the sponsorship of two foster children.



**J**AMES Betz of Cochrane was one of the few winners to quit work after his \$234,904.60 Lottario win on April 25, 1981.

Saying that he felt someone else needed his job with Ontario Northland Railway more, Mr. Betz now operates his own hobby farm.



**W**ITH seven children and three grandchildren, David and Doris Fenn of London said their \$25,000 Wintario windfall on July 23, 1981, "came in very handy".

After buying savings bonds and some new furniture, the Fenns visited Nova Scotia — Mrs. Fenn's first trip outside London in 30 years.



# Sports, Culture, Medical Research and Hospitals Among Beneficiaries

*The hardest thing about describing lottery benefits is finding a place to start. That's because the beneficiaries are so numerous and the effects so widespread.*

**D**URING the fiscal year 1981/82, the Ontario Lottery Corporation added another \$158 million in profits to this picture. This best-ever performance brought the grand total of lottery-generated funds to \$700 million.

Wintario profits are earmarked for sports, physical fitness, cultural and recreational projects.

Through the unique Wintario Grants program, administered by the ministries of Tourism and Recreation and Citizenship and Culture, 40,000 communities and individuals have so far received funding for specified projects.

The program represents a co-operative effort between government and grant recipient, since a portion of the finances must be generated locally in order to qualify for a Wintario grant.

Grants are given to capital and non-capital projects in arts, heritage, library, citizenship, sports, fitness and recreational categories.

Lottario funds fall within the same general area of dispersal as Wintario. They are, however, directed to major building projects including the Royal Ontario Museum, Roy Thomson Hall, the extension of TVOntario to other parts of the province and the new Sudbury Science Centre.

Health and environmental research, and social service projects are funded by Provincial lottery proceeds.

They are distributed in the form of grants by the ministries of Health, Labour, Environment, Agriculture and Food, Natural Resources, Community and Social Services and the Provincial Secretariat for Justice.

Hospitals, too, are enjoying support from lotteries. New facilities and renovations to existing ones are benefiting from Super Loto.

## 'Half Back' shows Wintario players another way to win

Almost one million non-winning Wintario tickets were traded by consumers for \$2.3 million in discounts on Canadian paperbacks and theatre tickets during the six-month-long 1981 Half Back Program.

The popular program has been stimulating greater public appreciation for a variety of Canadian talent since 1978. In the past it has offered discounts on Canadian films, literature and records.

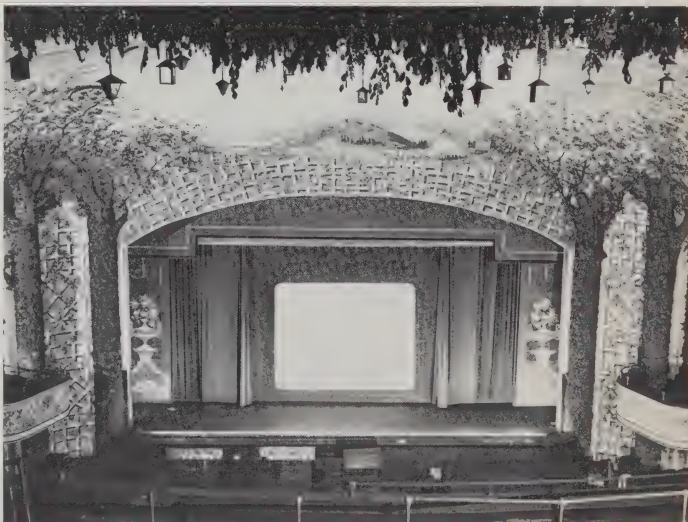
## Wintario grant aids National Games for Disabled



With a \$30,000 Wintario helping hand, 425 athletes took part in 30 sports events in August, 1981 in Scarborough.

Blind, amputee and wheelchair Olympians smashed over 100 records during this meet which coincided with the Year of the Disabled.

## Lottario helps theatre bloom in garden



The Elgin/Winter Garden Theatre, once Toronto's most popular vaudeville house, will bloom again with the aid of a \$3 million Lottario grant.

It will be restored to its 1914 splendour and house live theatre largely devoted to Canadian productions.



Registered nurses at Toronto General Hospital check monitors and charts for heart patients.

## Provincial funds work toward heart disease cure

Ontario Heart Foundation officials credit Provincial lottery grants with permitting important stroke-related research to go ahead.

Since 1978, the Ministry of Health has allocated \$800,000 in proceeds from the Provincial game to aid a variety of research projects conducted by the Heart Foundation.

Before this, stroke-related studies had been forced to take a financial back-seat to other circulatory medical research. Without the Provincial's help, say Foundation spokesmen, development in the field would have been a slow process.

The most recent Provincial financial allotment, a \$300,000 grant designated specifically for stroke research, is being matched by the Foundation. It will be used to create fellowships in heart research.

Heart disease, which kills 80,000 Canadians every year, afflicts over 2.6 million men, women and children through heart attack, stroke and hardening of the arteries.

## Acid rain studies benefit from \$1.3 million Provincial grant

Rain, rain go away, come again another day! This child's nursery rhyme carries a whole new meaning into the 80's: acid rain.

But grants worth \$1.3 million from Provincial lottery proceeds have been earmarked for important research.

Simply put, acid rain is a weak solution of sulphuric acid, which when it falls, affects acid-sensitive lakes and rivers, killing fish and other aquatic life.

In order to understand the challenge of acid rain, studies aimed at accumulating information are being carried out.

Some are concerned with the effects of acid rain on fish populations in acid-sensitive lakes. Others are developing more accurate methods of measuring the full extent of the problem.

The funds are distributed through the Environmental Research Provincial Lottery Trust of the Ministry of the Environment. Independent proposals from Ontario universities are reviewed and grants distributed to projects meeting the established criteria.

## Super Loto assists hospital capital projects

Proceeds from Super Loto have been allocated to the Ministry of Health to add to its existing hospital capital budget.

Many hospitals across Ontario have been assisted. Some of the projects have a special focus on outpatient facilities to reflect the government's desire to maximize the effectiveness of health-care establishments.



Equipment such as this rain catcher, assists researchers in analyzing the acid content of rain.



# Over Half the Revenues Returned as Prizes

*The lion's share of Corporation revenues, representing \$271 million or 53.6%, was available as prizes to players.*

**T**HE Corporation's gross income during the fiscal year 1981/82 totalled \$507 million, an increase of \$17 million from the year before. It comprised revenues from ticket sales of Wintario, Lottario, Provincial and Super Loto games operated throughout the province.

## Net profit/proceeds up by \$9 million

Net profit/proceeds generated for the Consolidated Revenue Fund from the four games amounted to \$158 million, a \$9 million increase from the previous year.

## Commissions important revenue for distribution system

\$41.4 million was paid in commissions on ticket sales to the 49 distributors and 19,000 retailers in the province-wide network.

Distributors receive an average of 2.5 cents for each Wintario ticket, 11.25 cents for Provincial tickets and 22.5 cents for each Super Loto ticket sold.

Retailers are paid 8 cents for each Wintario ticket, 25 cents for a Provincial ticket and 50 cents for Super Loto tickets sold. On-line agents receive 5 cents for each selection recorded.

In addition, retailers are eligible for bonus commissions ranging from \$100 to \$1,500 for selling grand prize winning tickets.

## Costs reflect increased activities and inflation

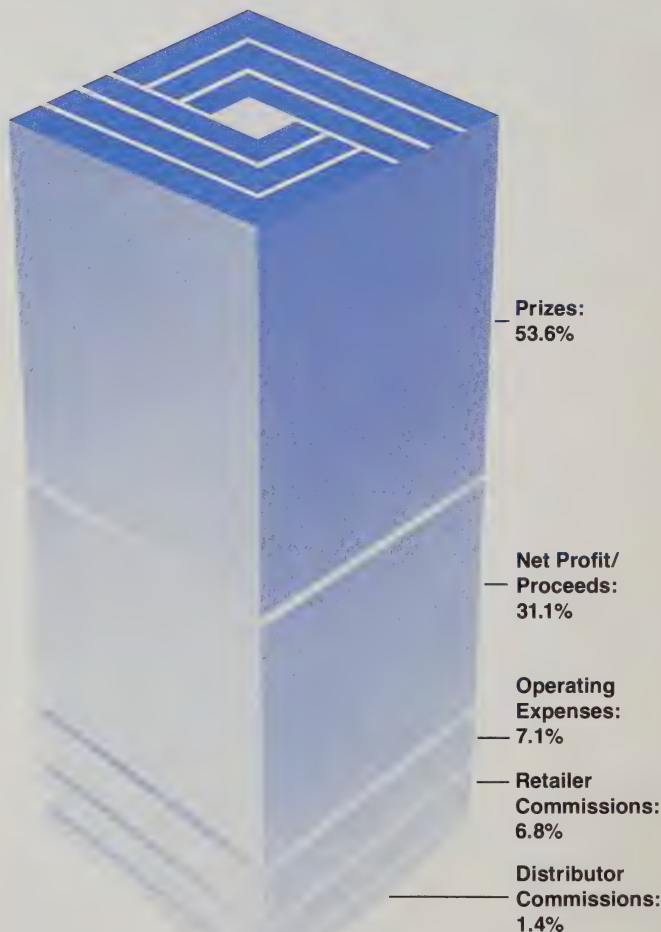
Despite inflation, the Ontario Lottery Corporation has kept its lottery tickets at the same price as when they were introduced.

Inflation has, however, increased the cost of doing business. The Corporation's operating expenses which comprise advertising, ticket printing, administration and other equipment expenses have grown to \$36.2 million or 7.1% of income, reflecting increased activities and costs.

An additional \$8.8 million was paid to the federal government under the terms of the federal-provincial agreement of August, 1979. This agreement governed the withdrawal of the federal government from the lottery field at the end of 1979.

## DISTRIBUTION OF GROSS INCOME

Gross sales = 100%





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**ONTARIO LOTTERY CORPORATION**

(Incorporated without share capital under the Ontario Lottery Corporation Act)

**1981-1982**AS AT MARCH 31, 1982

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**Assets**

	1982	1981
Current assets	\$	\$
Cash	9,227,709	16,953,288
Prize funds	27,628,996	24,659,275
Due from Interprovincial Lottery Corporation	5,045,283	8,055,140
Accrued interest	679,696	677,177
Accounts receivable	2,058,044	2,218,050
Prepaid expenses	405,435	231,374
	45,045,163	52,794,304

**Liabilities**

Current liabilities		
Prize money unclaimed	27,628,996	24,659,275
Net profit/proceeds due to the Treasurer of Ontario (Notes 3 and 4)	3,284,617	12,764,248
Accounts payable and accrued liabilities	3,020,183	6,147,503
Deferred income	11,111,367	9,223,278
	45,045,163	52,794,304

*See accompanying notes to financial statements.**On behalf of the Board:*

Director



Director

ONTARIO LOTTERY CORPORATION

STATEMENT OF NET PROFIT/PROCEEDS

DUE TO THE TREASURER OF ONTARIO FOR THE YEAR ENDED MARCH 31, 1982

	1982	1981
	\$	\$
Balance, beginning of year	12,764,248	15,931,588
Net profit/proceeds for the year		
Wintario	56,124,659	59,832,337
Lottario	75,626,664	56,880,103
Provincial	16,550,237	20,510,997
Super Loto	9,218,809	11,609,223
	157,520,369	148,832,660
Less payments to the Treasurer of Ontario on account of net profit/proceeds:		
Wintario (note 3)	61,000,000	57,000,000
Lottario (note 3)	76,000,000	59,000,000
Provincial (note 4)	20,000,000	26,000,000
Super Loto (note 4)	10,000,000	10,000,000
	167,000,000	152,000,000
Balance, end of year		
Wintario	105,776	4,981,117
Lottario	1,173,236	1,546,572
Provincial	652,484	4,102,247
Super Loto	1,353,121	2,134,312
	3,284,617	12,764,248

See accompanying notes to financial statements.

# STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 1982

	1982	1981
	\$	\$
Cash Ticket Sales	448,645,261	422,884,341
Free Tickets	58,251,183	67,448,475
	506,896,444	490,332,816
Less Commissions:		
Retailers and Distributors	41,397,545	41,202,846
	465,498,899	449,129,970
Prizes		
Wintario – cash	72,673,526	83,466,000
– free tickets	47,650,959	52,122,245
Lottario	102,392,801	74,066,297
	222,717,286	209,654,542
Cost of Tickets (note 2)		
Provincial – cash	23,824,924	27,618,797
– free tickets	–	11,159,490
Super Loto – cash	14,750,864	17,724,146
– free tickets	10,600,224	4,166,740
	49,176,012	60,669,173
Operating Expenses		
Advertising	12,825,029	10,158,060
Ticket Printing	6,411,727	6,073,031
Administration and other expenses	13,173,805	9,611,891
Payment to Government of Canada		
(note 5)	8,785,854	9,371,806
Equipment	3,777,353	1,486,817
	44,973,768	36,701,605
Operating Income	148,631,833	142,104,650
Interest	8,888,536	6,728,010
Net profit/proceeds for the year	157,520,369	148,832,660

See accompanying notes to financial statements.



MARCH 31, 1982

**1. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Accounting**

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles except for fixed assets which are written off to operations at the time of acquisition.

**(b) Deferred Income**

Revenues received net of expenses incurred for draws held subsequent to March 31st are deferred.

**2. PROVINCIAL AND SUPER LOTO**

Pursuant to section 7(b) of The Ontario Lottery Corporation Act, the Corporation was authorized by the Lieutenant Governor in Council to enter into agreements with other provinces regarding an interprovincial lottery scheme. The Provincial and Super Loto lotteries are joint undertakings by all provinces acting through the Interprovincial Lottery Corporation, a company incorporated under the Canada Business Corporation Act, the shares of which are held by Her Majesty the Queen in right of the respective provinces.

The Ontario Lottery Corporation is the Regional Marketing Organization for the Provincial and Super Loto in Ontario. The Corporation purchases tickets for these games from the Interprovincial Lottery Corporation. The cost of tickets purchased from the Interprovincial Lottery Corporation is composed of the proportional share of prizes based on the number of tickets purchased, plus operating expenses less relevant interest earnings of the Interprovincial Lottery Corporation.

**3. NET PROFITS – WINTARIO AND LOTTARIO**

Pursuant to section 9 of The Ontario Lottery Corporation Act, the net profits of the Corporation after provision for prizes and the payment of expenses and operations, are payable into the Consolidated Revenue Fund of the Province.

**4. NET PROCEEDS – PROVINCIAL AND SUPER LOTO**

Pursuant to Orders in Council 3034/76 and 1940/80, all moneys attributed to or accruing to Ontario from the Provincial and Super Loto after providing for prizes and the payment of operating expenses, are payable into the Consolidated Revenue Fund of the Province of Ontario to be held in trust.

**5. PAYMENT TO GOVERNMENT OF CANADA**

An agreement was made between the Government of Canada and the Province of Ontario in August 1979 which stipulated that the Government of Canada would withdraw from the sale of lottery tickets effective December 31, 1979. Effective January 1, 1980 the agreement required the provinces to remit quarterly to the Government of Canada the sum of \$6 million, appropriately adjusted to reflect the effects of inflation, based on a formula which takes into account each province's population and proportionate ticket sales.

Ontario's 1981-82 share of the payment was \$8,785,854 (1981 – \$9,371,806) and was remitted to the Government of Canada through the Interprovincial Lottery Corporation.

**6. SUBSEQUENT EVENT**

On June 4, 1982 The Interprovincial Lottery Corporation launched a new game called "Lotto 6/49" for which The Ontario Lottery Corporation is the Regional Marketing Organization in Ontario. The first draw was held on June 12, 1982.

**7. COMPARATIVE FIGURES**

Comparative figures have been reclassified where necessary to conform with 1982 presentation.



Office of the  
Provincial  
Auditor.

To the Board of Directors of the Ontario Lottery Corporation and to the Minister of Tourism and Recreation.

I have examined the balance sheet of the Ontario Lottery Corporation as at March 31, 1982 and the statements of operations and net profit/proceeds due to the Treasurer of Ontario for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1982 and the results of its operations for the year then ended in accordance with the accounting policy described in Note 1a to the financial statements, applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Corporation and to the Minister.

D.F. Archer, F.C.A.,  
Provincial Auditor.

Toronto, Ontario  
August 20, 1982



The Ontario Lottery Corporation  
2 Bloor Street West  
Toronto, Ontario  
M4W 3H8

Prize Office  
Mezzanine floor  
Cumberland Terrace  
(416) 961-6262

### Winning Numbers

Wintario (416) 870-9170  
Lottario (416) 870-9122  
Provincial (416) 870-9161  
Super Loto (416) 870-9135  
Lotto 6/49 (416) 870-9134



Ontario

Ministry of  
Tourism and  
Recreation

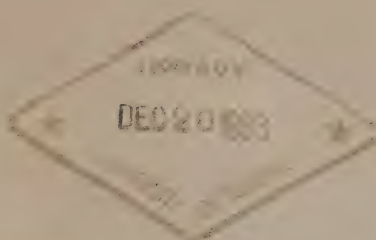
Hon. Reuben C. Baetz  
Minister  
John R. Sloan  
Deputy Minister



# ONTARIO LOTTERY CORPORATION

ANNUAL REPORT  
1982/1983

CAZEN  
CR 200  
- A56





September 30, 1983

The Honourable Reuben Baetz  
Minister of Tourism and Recreation  
1200 Bay Street  
Toronto, Ontario M5R 2A6

Dear Mr. Baetz:

Pursuant to the provisions of the Ontario Lottery Corporation Act, I have the pleasure of presenting to you the eighth annual report of the Ontario Lottery Corporation for the year ending March 31, 1983.

Yours very truly,

J. Gilbert Bowness  
Chairman of the Board

## CHAIRMAN'S REPORT



For the past eight years, the people of Ontario and their lotteries have proved a winning combination. Whether prizewinners, grant recipients, retailers or research foundations, the millions of dollars raised by lotteries have provided a prosperity felt by every citizen in the province.

I am pleased to report that in fiscal year 1982/83, the

Ontario Lottery Corporation continued its contribution to this prosperity. Profits dedicated to improving the quality of life in Ontario reached \$163 million, surpassing last year's record performance by \$6 million. Ticket sales and prizes of \$550 million and \$294 million respectively, were also up, making this year the Corporation's best ever.

Under the umbrella of the Trillium Foundation, more than 40 province-wide social-service organizations were added to the long list of eligible lottery beneficiaries. Up to \$15 million from lottery proceeds will go to these agencies annually, with the first \$5 million installment dedicated in 1982/83.

There's no doubt the \$860 million in net profit/proceeds generated from lottery revenues over our eight-year history has made an indelible imprint on Ontario's economic framework.

And in the forefront of economic beneficiaries is

Ontario's construction industry. Wintario's capital grant program alone has stimulated \$1.5 billion in construction and related activity, yielding more than 12,000 jobs and some 16,000 man-years of work for architects, engineers, construction workers, manufacturers and suppliers.

Lottario and Super Loto have also channelled millions of dollars into Ontario's construction industry through sports, fitness, recreational, cultural and hospital capital projects.

Provincial lottery proceeds have funded important research projects in the health, environmental and social service fields.

Economic ramifications, however, don't stop there. Small business has benefited from more than \$44 million paid in commissions to retailers and distributors across the province. And prizewinners contribute to Ontario's economic well-being by purchasing consumer products with their winnings, completing the reinvestment cycle of lottery dollars.

Benefits from Ontario's lotteries have, indeed, reached every corner of our province. With on-going support from players, the Ontario Lottery Corporation welcomes the opportunity to play a continuing role in Ontario's bright and prosperous future.

J. Gilbert Bowness  
Chairman of the Board

## PRESIDENT'S REPORT



Innovation and change underscored all the Ontario Lottery Corporation's activities during the fiscal year 1982/83. The result was a record \$550 million in revenue, a noteworthy \$43 million increase over last year, indicating continued player support in a demanding economic environment.

Maintenance of player interest was accomplished in a variety of ways, starting with the introduction in June of the newest interprovincial game, Lotto 6/49. Generating over \$51 million in ticket sales, Lotto 6/49 saw participation grow steadily, peaking with the March 26, 1983 draw, which boasted a \$3.89 million jackpot. That week, record combined sales of both on-line games, Lottario and Lotto 6/49, exceeded \$9 million.

The introduction of merchandise prizes represented a fresh and exciting innovation for players. Super Loto offered 1,000 domestically-produced automobiles across Canada as bonus prizes during the July and August draws. This created tremendous player enthusiasm, doubling ticket sales in Ontario for those two months.

In February, Wintario, too, began offering cash and

merchandise prizes, including small and large appliances, televisions and cars in the Mystery bonus draw.

But this is only part of the story. Ontario manufacturers are winners as well, since all Mystery bonus merchandise prizes are produced in this province.

Wintario also introduced other game variations such as a growing jackpot prize called 'Snowball' and two three-week bonus draws offering over \$2 million each in cash bonus prizes.

Lottario maintained last year's average weekly sales of \$3.9 million, demonstrating continued popularity of our original on-line game. Provincial made an extra \$7.9 million available to players in four theme-oriented bonus draws.

The Corporation's success during fiscal year 1982/83 stemmed from the revitalization of our products to meet the needs of an ever-changing market. Credit for this success must go to the exceptional efforts of the Corporation's board of directors, staff, distributors and retailers and, most importantly, players who support our lotteries so loyally.

D. Norman Morris, CA  
President



## BOARD MEMBERS



During fiscal year 1982/83 the Corporation's board of directors combined their dedication and knowledge to produce a year of innovation. Representing a cross-section of geographical and cultural diversity, the board applied its 'hands on' experience to all areas of corporate policy to maximize efficiency of our operation.

**J. Gilbert Bowness**, chairman—North Bay (Sept. 22, 1976–Feb. 16, 1985). Appointed chairman in February, 1979, Mr. Bowness also serves as vice-chairman of the Interprovincial Lottery Corporation. A senior executive with an investment firm, Mr. Bowness provides essential input on needs and trends in northern Ontario.

**Donald J. MacLean**, vice-chairman—Willowdale (Feb. 17, 1976–Feb. 16, 1985). A director of the Interprovincial Lottery Corporation, Mr. MacLean has served as a senior official for a number of organizations including the Art Gallery of Ontario and Mount Allison University.

**Mary F. Callaghan**, director—Toronto (Feb. 17, 1981–Feb. 16, 1984). Mrs. Callaghan uses her journalism background to complement the extensive talents of the board. She is currently involved in a number of publications including the Toronto Symphony News.

**Fern Guindon**, director—Cornwall (Feb. 17, 1975–Feb. 16, 1984). A director since the Corporation started, Mr. Guindon held key cabinet posts from 1957–1974 in the Ontario Legislature as member for Stormont.

**Albert Hansen**, director—Ottawa (Oct. 29, 1981–Feb. 16, 1985). A retired automotive executive, Mr. Hansen provides invaluable knowledge on the workings of Ontario's private industry. He is also a director of the Interprovincial Lottery Corporation.

**Monique Jacques**, director—Kapuskasing (Feb. 17, 1981–Feb. 16, 1984). Chairman of the board's Finance Committee, Mrs. Jacques is also vice-chairman of the Kapuskasing Separate School Board.

**C. Ronald S. MacKenzie**, MD, director—St. Catharines (Feb. 17, 1981–Feb. 16, 1984). Dr. MacKenzie is a gynaecology floor chief at Hotel Dieu Hospital and is a specialist in obstetrics and gynaecology.

**D. Norman Morris**, CA, president—Mississauga. Mr. Morris is the chief executive officer of the Corporation and a director of the Interprovincial Lottery Corporation.

**C. Gordon Ross**, BD, director—Scarborough (Feb. 17, 1983–Feb. 16, 1986). Ordained a United Church minister in 1967, Mr. Ross is presently pastor of Knob Hill United Church.

#### Ontario Lottery Corporation Senior Staff

**D. Norman Morris**, president

**Adam Hawkins**, executive vice-president

**J. Michael Holroyde**, vice-president, Sales and Distribution

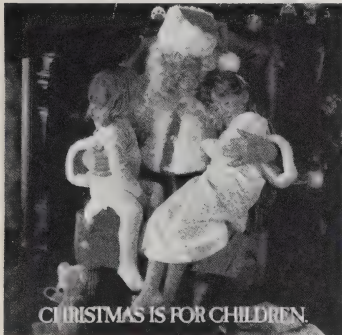
**Douglas R. Mackie**, vice-president, Marketing

**John Van Camp**, controller

# GROWTH OF CORPORATION

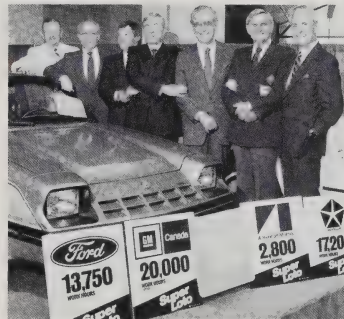
When Wintario held its first draw on May 15, 1975, it was impossible to predict the growth and acceptance Ontario lotteries would experience. From this modest beginning, four games have been added, generating eight-year profits of \$860 million. These monies have been dedicated to sports, cultural, recreational, health, environmental, social service and hospital-related projects across the province.

As the number of games expanded, an evolution in game design took place to reflect a more sophisticated player base. More prizes, bonus draws and special promotions were developed, many suggestions coming from players themselves.



"Christmas Is for Children", an album written, produced and performed entirely by Canadians, was offered at no extra charge with

the purchase of the \$20 Christmas Tri-Pack. Comprised of Wintario, Provincial and Super Loto tickets, the Tri-Pack promotion was a repeat of last year to celebrate the festive season.



Super Loto travelled a new avenue with the introduction of 1,000 cars as bonus prizes in July and August. Consumers shared in \$10 million-worth of automobiles, while the Canadian automotive industry benefited both in sales and jobs for employees. Pictured above (from the left) are lottery and auto executives Richard Colcomb (General Motors), Larry Curry (American Motors Corporation), Doug Glynn (United Auto Workers of America), the Honourable Reuben Baetz, Minister of Tourism and Recreation, Moe Closs (Chrysler Canada), Lottery Corporation President, D. Norman Morris and Ken Wright (Ford).



Wintario, the live, travelling draw show also offered players a chance to visit vacation areas across the province. Every month for six months, beginning in March, 1983, bonus prizes of weekend packages for two to various Ontario tourist resorts were available.



Mascots for our home-grown lotteries, Winnie the Wintario Bear and Lottario Early Bird, travelled extensively across Ontario, participating in local community events with the travelling Public Relations display.

## EIGHT YEAR REVIEW

### OPERATING HIGHLIGHTS (in thousands of dollars)

	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81	1981/82	1982/83
<b>SALES</b>	97,137	218,793	240,431	235,105	323,787	490,333	506,896	550,096
<b>COMMISSIONS</b>	12,528	22,353	24,187	22,481	28,292	41,203	41,397	44,136
<b>PRIZES</b>	36,095	95,531	108,291	123,886	182,733	270,324	271,893	293,663
<b>TOTAL OPERATING EXPENSES</b>	5,960	10,091	11,447	14,490	22,196	36,702	44,974	55,133
<b>INTEREST</b>	760	1,982	1,880	2,481	4,250	6,728	8,888	6,373
<b>INCOME</b>	43,314	92,800	98,386	62,613*	92,844*	148,833	157,520	163,537
<b>NUMBER OF GAMES</b>	1	2	2	3	4	4	4	5

\*After Extraordinary Expenses



## FRESH CONCEPTS REVITALIZE GAME

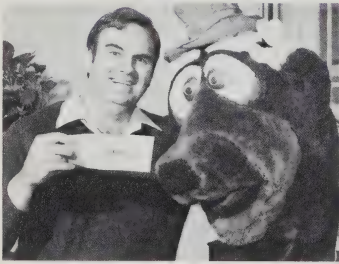
Wintario has beaten all odds when it comes to popularity and longevity.

Eight years and 294 draws later, Wintario has stood the test of time in an ever-changing marketplace. And it's this adaptability that's maintained Wintario's success with Ontario lottery players.

Fiscal year 1982/83 produced \$197 million in gross sales, providing \$44 million in net profit, dedicated to sports, fitness, recreational and cultural activities, for communities and groups to share.

More than 15.3 million prizes valued at \$170.4 million were available during the year. They ranged from free books of tickets to \$550,000 and included 271 grand prizes of \$100,000.

In April, 1982, 'Snowball', a jackpot bonus prize beginning at \$100,000 and increasing \$50,000 weekly until drawn, was added to Wintario's prize structure. Running for 35 weeks, the largest 'Snowball' prize offered was \$550,000.



'Snowball' winner, Donald Henderson, received his \$250,000 cheque from Winnie the Bear. A Toronto resident, Henderson planned to purchase a new home with his windfall from the October 7, 1982 draw.

# wintario



Wintario's live, televised draw show continued to be a player favourite, with average weekly audiences of 600,000—one of Global Television's highest-rated programs. Hosts Faye Dance and Greg Beresford anchor the show, broadcast from a different Ontario community every Thursday at 9:00 p.m.

During the year, Wintario offered over \$4 million in unclaimed prize money through two three-week bonus extravaganzas, the 'Giant' and 'Whale of a Bonus' draws. Specially-printed tickets, with a bonus stub containing six-digit and week numbers, were attached to the regular ticket. Tickets purchased over the three weeks were eligible for bonus prizes up to \$100,000.



Consumer product prizes added a new dimension to Wintario's prize format. The Mystery bonus wheel, shown with Corporation staffer Mary O'Neill, selects cash or merchandise prizes each week.

Cash prizes, valued at \$50, \$500 and \$10,000 are offered as well as Ontario-produced merchandise prizes. The Mystery bonus prize began on February 3, 1983, and during the remainder of the fiscal year, 417 product prizes were available, contributing thousands of production hours for Ontario manufacturers.



Dave Toffoli knew exactly what he was going to do with his \$100,000 Wintario windfall. Pictured with his wife Leona, the 30-year-old plumber from Newmarket paid off his house. Dave, who usually buys one book of Wintario tickets each week, discovered his win in the May 27, 1982 draw in the newspaper.

**Wintario's Giant 3 week Bonus Draw**

**January 27<sup>th</sup>**

**Over \$2,000,000 in prizes**

48 Giant Bonus prizes  
6-\$100,000 12-\$50,000 30-\$10,000

96 Bonus prizes  
12-\$20,000 24-\$10,000 60-\$2,000

Save your tickets!  
Wintario tickets dated January 13, 20 and 27 for the January 27<sup>th</sup> Giant Bonus Draw

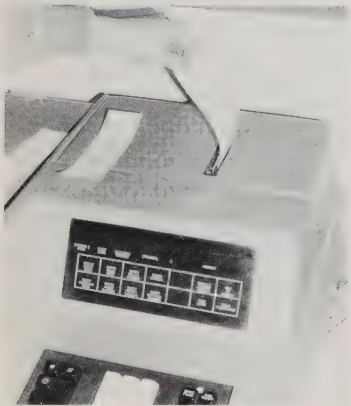


## LOTTARIO: THE PLAYERS' PICK

Lottario, the world's first on-line lotto game, continued its enormous success with Ontario lottery players.

With over \$203 million in sales, Lottario maintained last year's \$3.9 million average weekly sales level. Over \$73 million in net profit were generated for capital endeavours with province-wide impact in sports, fitness, recreational and cultural areas.

Lottario prizewinners shared over seven million prizes worth \$101.6 million during the fiscal year. All 62 Jackpot prizes, ranging from \$66,526 to \$1.1 million, were claimed.



Lottario players enjoyed active participation through picking their own numbers. Weekly ticket sales reached \$5.87 million during October when the largest Lottario Jackpot ever offered, over \$2 million, was shared by three lucky winners.

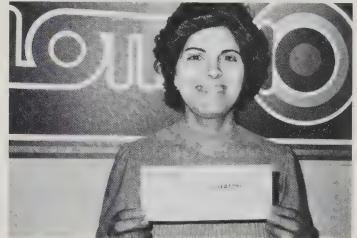


Lottario's host, Bill Lawrence, has anchored the five-minute draw show since it began in November, 1978. Broadcast every Saturday at 11 p.m., the draw can be seen on the Global Television Network.

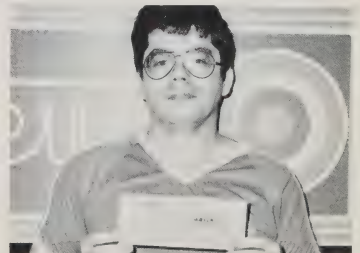
In their second commercial, award-winning 'Miss Penelope' and 'Mr. Hall' explained Lottario offered more cash prizes than any other Ontario lottery, a fact that has sustained keen player interest in the game.



Early Bird continued to persuade consumers to buy their tickets before the close of business on Wednesday in order to be eligible for the special \$50,000 prize pool. Early Bird accounted for 62% of total sales.



Caterina Legendre wanted to give her husband, Raymond, something special for Father's Day. And it was easy when the Timmins native collected \$10,109.40 on the May 29, 1982 Lottario draw. The couple also paid bills from their newly-formed business with their winnings.



Terrence Tanchioni will remember the October 30, 1982 Lottario draw for the rest of his life. In that draw, the 32-year-old Windsor resident not only won a second prize, but two fourth prizes as well. His total winnings: \$50,408.40.

"I'VE WON.  
I'VE MATCHED  
THREE  
NUMBERS"

"MATCHED  
THREE  
NUMBERS?  
THAT'S \$5."

Lottario has more weekly cash prizes than any other Ontario lottery.

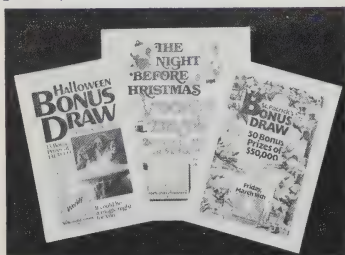
## FRIDAY STILL \$500,000 DAY

Exciting theme promotions and bonus draws complemented Provincial's regular format, which remained virtually unchanged from last year.

The seven-digit decomposable number offered, on average, 50,000 prizes per draw, with each ticket valid for five consecutive weeks.

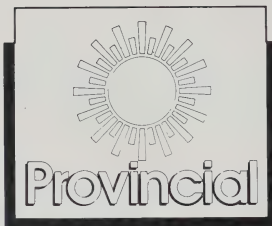
Recording over \$50 million in sales, the \$5 weekly Provincial game generated \$16 million in net proceeds dedicated to health and environmentally-related health research and the Trillium Foundation.

Provincial players across Canada were eligible for approximately 3.6 million prizes valued at \$74.1 million. Topping the list were 52 grand prizes of \$500,000.

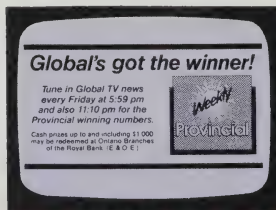


Santa, goblins, leprechauns and elves alike participated in four theme-oriented bonus draws offering almost \$7.9 million in additional prizes. On August 13 and October 29, 13 bonus prizes of \$131,313.13 were drawn as Black Cat bonus prizes.

Santa's elves were busy on December 24 in the 'Night Before Christmas' draw, filling 20 potential stockings with \$100,000 cheques. And the luck o' the Irish was the theme for the St. Patrick's Day bonus draw on March 18, offering 50 prizes of \$50,000.



The Guy/Gal Friday summer promotion offered instant cash prizes to players holding current Provincial tickets. The Guy/Gal Friday team, all summer students, randomly approached people in malls, shops and main streets asking if they could produce a Provincial ticket. In all, 38,220 instant winners shared in \$808,500 worth of extra prizes of \$5 to \$5,000.



The weekly Provincial winning number is broadcast every Friday over the Global Television Network at approximately 5:59 and 11:10 p.m.



St. Catharines resident Una Lihou now knows how important it is to fill in the back of your ticket, even when claiming a small prize. Mrs. Lihou, pictured with husband Lloyd, saw their Provincial prize from the December 17, 1982 draw mushroom from \$25 to \$500,000 when a redemption error was detected by the Lottery Corporation's Prize Office. Luckily, Mrs. Lihou had signed her ticket and she collected the other \$499,975 three months later.



Little did Kirk Tanner know that his boss' \$5 Provincial stocking stuffer would grow into a \$100,000 Christmas bonus. But that's exactly what happened to the Toronto resident when he captured a bonus prize in the 'Night Before Christmas' bonus draw. Tanner, a security guard, planned to purchase a home for his wife and five children.



It happens every Friday, but Gunter Katzur still considers Saturday his lucky day. Why? Because the Espanola native both purchased and discovered his \$50,000 Provincial win on a Saturday. Pictured with wife Claire, he banked his winnings from the April 9, 1982 draw and planned for an early retirement.



# MILLION DOLLAR GAME DRIVES HOME

For Super Loto, fiscal year 1982/83 was the most exciting ever. Game innovations, stimulating bonus draws and more winners than ever before kept players across Canada involved in the only game to offer \$1 million prizes regularly.

The fiscal year saw Super Loto sales in Ontario of \$48 million, raising \$14 million in net proceeds dedicated to health and environmentally-related health research and the Trillium Foundation.

During the year, Super Loto generated approximately 5.8 million prizes across Canada, ranging from free tickets to \$1 million, worth \$128.9 million. In all, 46 \$1 million and 55 \$100,000 prizes were available.

## NOT TWO NOT THREE BUT FOUR \$1 MILLION GRAND PRIZES

Starting in May, Super Loto offered four grand prizes of \$1 million—twice as many as before. In addition, five prizes of \$100,000 and a new 'tic-tac-toe' instant feature were added to the game.



After winning \$100,000 in Super Loto's May 30, 1982 draw, Alfred and Gertrude Zmija planned to invest their windfall to secure their retirement. Residents of Kitchener, they participate regularly in Super Loto, purchasing one ticket per draw.

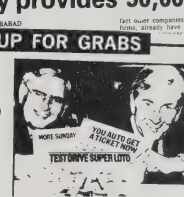


## Now it's Super Auto Loto!

1,000 Canadian cars to be Super Loto prizes  
Lottery a 'positive step' for auto market  
Car lottery provides 50,000 work hours

The International Lottery Corporation, which is a subsidiary of the Ontario Lottery Corp., has announced that it will be offering a new Super Loto draw, the Super Auto Loto, which will be a \$1 million prize draw. The draw will be held on May 30, 1982, and will be the first of a series of draws. The draw will be held at the Ontario Lottery Corp. headquarters in Toronto.

1,000 CARS UP FOR GRABS  
New auto puts socko in Loto ...  
A new lottery plan unveiled yesterday, which has 1,000 new cars as prizes was dreamed up by a group who wanted to...



Car lottery provides 50,000 work hours  
Last year's Super Loto draw, which was held on May 30, 1981, was a success. It was the first time that a Super Loto draw had been held. The draw was held at the Ontario Lottery Corp. headquarters in Toronto. The draw was held on May 30, 1981, and was the first of a series of draws. The draw was held at the Ontario Lottery Corp. headquarters in Toronto.

Newspaper headlines told the success story of Super Loto's auto promotion. Creating more than 50,000 work-hours for automotive employees, the promotion provided the 'big four' auto manufacturers with \$10-million-worth of production.



Six Mississauga office workers discovered a lost ticket doesn't necessarily mean a ticket has lost. It took two months to find, but when Anne McMahon, Donna Van Gent, Danette Zelinski, Margaret Ford (pictured above, left to right), Arlene Johnson and Katharine Troughton found their February 27, 1983 Super Loto ticket, they instantly became shareholders in the \$1 million prize.



Antonio Gallardo thought he was seeing double when he checked the newspaper for July's Super Loto auto bonus draw results. Antonio beat astronomical odds when his ticket number 284B391 was drawn twice, entitling the Toronto resident to two Oldsmobile Cutlass Supremes. The second vehicle went to his sister, Cora, who purchased the ticket for him.



## NEWEST LOTTO CANADIAN SUCCESS

Billed as the 'Biggest Little Game in Town', Lotto 6/49 is the only on-line game offered across Canada.

Lotto 6/49 recorded Ontario sales of more than \$51 million, generating net proceeds of \$15 million dedicated to health and environmentally-related health research and the Trillium Foundation.

Since it began on June 12, 1982, Lotto 6/49 has made more than \$63 million available to over 2.6 million prizewinners across Canada. Every Jackpot prize, ranging from \$708,298 to \$3.89 million, was claimed.

## JACKPOT WINNER

### \$3,895,389.50

Saturday, March 26, 1983

21	24	25	32	39	49	BONUS NUMBER	40
ABOVE REGULAR NUMBERS WIN IN ANY ORDER						APPLIES TO 2ND PRIZE ONLY	

PRIZES	NO. OF PRIZES	PRIZE VALUE
<b>JACKPOT</b> 6 OUT OF 6 REG. NUMBERS	1	\$3,895,389.50
<b>2ND PRIZE</b> 5 OUT OF 6 PLUS BONUS	2	\$464,434.00
<b>3RD PRIZE</b> 5 OUT OF 6	102	\$5,446.90
<b>4TH PRIZE</b> 4 OUT OF 6	7,398	\$193.00
<b>5TH PRIZE</b> 3 OUT OF 6	194,117	\$10.00
<b>TOTAL PRIZES</b>	<b>201,620</b>	<b>\$8,748,825.30</b>

With sales steadily increasing, Lotto 6/49 set a sales record of \$5.7 million during the week preceding the March 26, 1983 draw which offered a \$3.89 million Jackpot, the largest tax-free Jackpot in North American history.

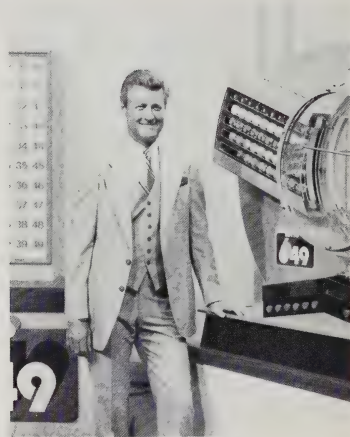
Lotto 6/49 players select six numbers from a field of 1 through 49 by marking them on Lotto 6/49's unique selection slip. Playing procedure is identical to Lottario; selection slips are fed into the computer terminal, which generates the ticket.



# PLAY THE BIGGEST LITTLE GAME IN TOWN.



Dan and Georgina Mangan of Guelph, pictured with the Honourable Reuben Baetz, Minister of Tourism and Recreation, can truly say they picked their October 2, 1982 \$2.2 million Lotto 6/49 Jackpot out of a hat. Numbering pieces of paper '1' through '49', the Mangans mixed them in a hat, selecting six at random. The couple planned to invest their windfall.



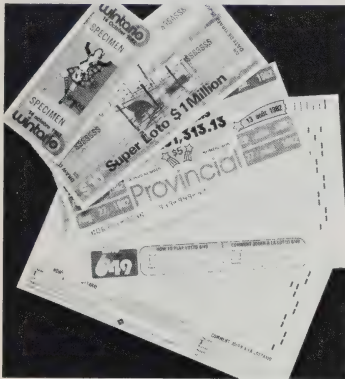
Hosted by Thomas Gibney, Lotto 6/49 is televised every Saturday just before 6 p.m. on the CTV Television Network. The nation-wide broadcast allows viewers to check their numbers in Lotto 6/49's guaranteed \$500,000 minimum Jackpot. This fiscal year, six Jackpots exceeded \$1 million, while a \$10 prize for matching three of six regular numbers comprised the lower end of the prize totem.



Three janitors from Hamilton's Dominion Foundries and Steel Company really cleaned up in the February 19, 1983 Lotto 6/49 draw. Left to right are Fiorangelo Rosati, Silvo Verticchio and Dante Fidanza, who shared the \$1.1 million prize. The men banked their money, planning for a comfortable retirement.

# THE LOTTERY CYCLE

Lotteries have been part of Ontario's entertainment industry for eight years. And from the beginning, lottery tickets have been available to players in every part of this province. Getting tickets to each area, the draw and claiming prizes are all part of the lottery cycle.



Every lottery ticket begins life at a printer. Wintario, Provincial and Super Loto tickets are produced by security printers, incorporating a number of security features to ensure game integrity. Lottario and Lotto 6/49 tickets are produced by computer terminals at the point of purchase.



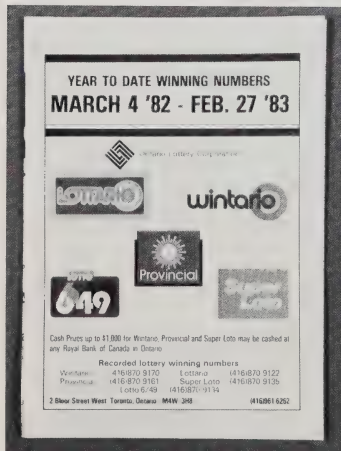
Once Wintario, Provincial and Super Loto tickets are printed, they enter the distribution network. A team of 46 dedicated men and women—the Corporation's distributors—are responsible for servicing 19,000 retail outlets in every part of the province. Their goal is simple: to ensure tickets are available wherever there is demand.

## WHO PLAYS LOTTERIES\*

Simply put, almost everyone. Public opinion research indicates 85% of Ontario households have played Wintario at one time or another. As the chart indicates, lottery players come from every age, income, occupation and education group.

male			51%		
female			49%		
<b>Ages</b>					
male:	18-24	6.9%	female:	18-24	7.1%
	25-34	10.9%		25-34	11.1%
	35-49	14.4%		35-49	12.3%
	50+	19.0%		50+	18.4%
<b>Education</b>					
	public school			11.9%	
	some high school			26.9%	
	high school			28.6%	
	some post secondary			7.2%	
	community college			16.4%	
	university			7.6%	
<b>Household income</b>					
	under \$10,000			7.9%	
	\$10,000-\$20,000			20.3%	
	\$20,000-\$30,000			24.3%	
	\$30,000-\$50,000			29.5%	
	\$50,000 +			10.3%	

\*percentage of Ontario lottery players

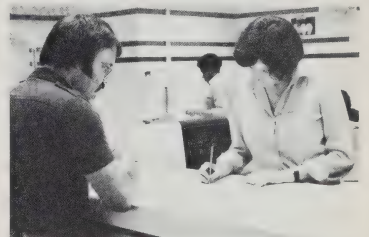


Lottery tickets expire with the generation of winning numbers in random-chance draws. The results are available on television, in newspaper ads, from news media, retail outlets and branches of the Royal Bank of Canada. Results are also available from the Corporation by recorded message or in folders such as this.

## HOW MUCH DO PLAYERS SPEND

On average, players purchase only a ticket or two per draw. Research conducted over the past eight years has consistently shown players do not spend a lot of time or money on lottery tickets. Currently, 61% of Ontario adults play lotteries at least once every two months. Participation by game and spending patterns are as follows:

	% Ontario adults played in last eight weeks	Spent last purchase
Wintario	47.1	39.4% spent \$1 or less
Lottario	29.1	27.5% spent \$1 or less
Provincial	18.7	70.0% spent \$5 or less
Super Loto	6.9	86.4% spent \$10 or less
Lotto 6/49	9.5	31.7% spent \$1 or less

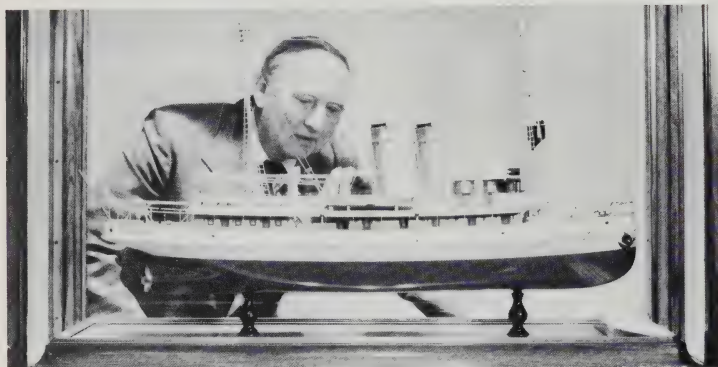


For some tickets, the lottery cycle ends with the claiming of prizes. Prizes can be claimed in a number of ways: participating retail outlets redeem small prizes, while Ontario branches of the Royal Bank of Canada cash Wintario, Provincial and Super Loto cash prizes of up to \$1,000. All cash prizes may be claimed through the Corporation, either by mail or in person at the Toronto Prize Office.

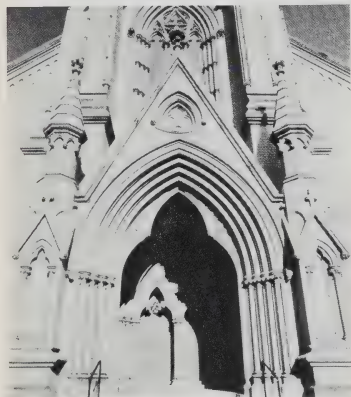
During the fiscal year, over 19 million prizes worth \$250 million were claimed, representing 90% of all the prizes available in Ontario. All unclaimed prizes, as in past years, remain in the prize fund for one year after which they are transferred to a special account and returned to players as bonus prizes.



## GRANTS



*Grants to museums guarantees our heritage will remain alive.*



*Many Ontario churches have received lottery grants.*

We all know one way to win a lottery is to be a prizewinner.

But there is another way to win, as millions of Ontarians have discovered. These are the people, organizations, groups and communities that have received lottery grants.

During fiscal year 1982/83, \$163 million in net profit/proceeds were raised by government-operated lotteries. Dedicated through nine provincial ministries, these monies were channelled back into Ontario, creating a ripple of social, scientific and economic benefit.

In economic terms, grant dollars have been especially supportive to Ontario's construction industry.



*Research into acid rain is carried out with assistance from Provincial proceeds.*

Arenas, theatres, community centres and hospitals either built or restored through the capital grants programs have created a double-edged effect for construction and community growth.

Capital projects were funded by the Wintario, Lottario and Super Loto lotteries. Wintario and Lottario grants supported sports, fitness, recreational and cultural activities, while Super Loto proceeds were dedicated to hospital capital programs. In eight years, almost \$504 million have been generated through these three lotteries for capital building purposes.

Wintario's capital grant system has funnelled \$283 million into



*Special library services receive funding as do conventional libraries.*



*Theatres across Ontario are eligible for lottery funding.*



*Wintario capital grants have stimulated almost \$1.5 billion in construction and related activities.*

capital projects. Adding the partial funding the grant recipient or group must raise to receive the grant, the total impact in direct construction activity has reached more than \$700 million. This, in turn, grew into a \$1.5 billion contribution to Ontario's economy when spin-off and related activities are brought into the picture.

More than 12,000 jobs representing some 16,000 man-years of work can be credited to Wintario's capital grant program alone.

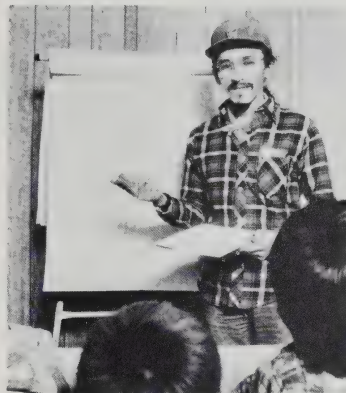
In addition, non-capital assistance provided by Wintario aided programs in sports, fitness, arts, recreation, library, citizenship and heritage. Non-winning Wintario



## GRANTS



*Fitness campaigns in every corner of the province receive lottery dollars.*



*Ontario's varied cultures receive multiculturalism and citizenship grants.*



*Funding for competitive sports tunes Canadian athletes for major competitions.*



*Medical research on many levels is financed by lotteries.*



*Grant construction projects stimulate thousands of jobs.*



*Providing recreational facilities aid many youth-oriented organizations.*

tickets stimulated the publishing industry by offering a 50 cent per ticket rebate on the purchase of Canadian books and publications through the Half Back program.

While the ministries of Tourism and Recreation and Citizenship and Culture determine allocation of Wintario and Lottario dollars and Super Loto proceeds were allotted to health-care facilities by the Ministry of Health, seven separate ministries shared in over \$16 million generated by the Provincial lottery last year.

Through these ministries, projects in health and environmentally-related health research were set in motion.

Studies into causes and cures of major diseases are being carried out in universities and hospitals across Ontario. In fact, Provincial aid to health research has been dedicated to many different organizations, sharing over \$139 million raised since the lottery began in 1976.

Important environmental research is being conducted to safeguard our future, while studies in agriculture are making strides in new growing and production techniques.

THE  
TRILLIUM  
FOUNDATION



With the formation of the Trillium Foundation in September, 1982, over 40 province-wide social service organizations became eligible to share

up to \$15 million in lottery proceeds annually. These monies will provide additional funding to reinforce volunteer fund-raising activities of particular agencies that provide a direct service to the public in the social service field.

In total, \$860 million have been generated from Ontario's lotteries since 1975. Whether social or scientific, lottery grants are dedicated to supporting thousands of worthwhile causes across the province.

## DISTRIBUTION OF REVENUE

Fiscal year 1982/83 produced \$550 million in gross income for the Corporation, a \$43 million increase over last year.

Net profit/proceeds enjoyed a \$6 million increase as a total of \$163 million was generated for sports, fitness, culture, recreation, health and environmentally-related health research and province-wide social service organizations.

The largest share of gross income was returned to players as prizes. \$294 million, an increase of \$22 million from last year, found its way back to winners in prizes ranging from free books of tickets to \$2.2 million.

Distributor and retailer commissions also increased over last

year. \$44 million was returned to the 46 distributors and 19,000 retailers across the province.

Distributors receive an average of 2.5% for each Wintario, Provincial and Super Loto ticket sold. Retailers receive 8% for each Wintario ticket and 5% for each Provincial and Super Loto ticket sold. On-line agents receive 5% for each Lottario and Lotto 6/49 selection recorded.

Bonus commissions ranging from \$100 to \$1,500 were also paid to retailers selling grand prize winning tickets.

But the Corporation was not immune to the economic conditions affecting the entire business community. Increasing costs and decreasing interest rates combined

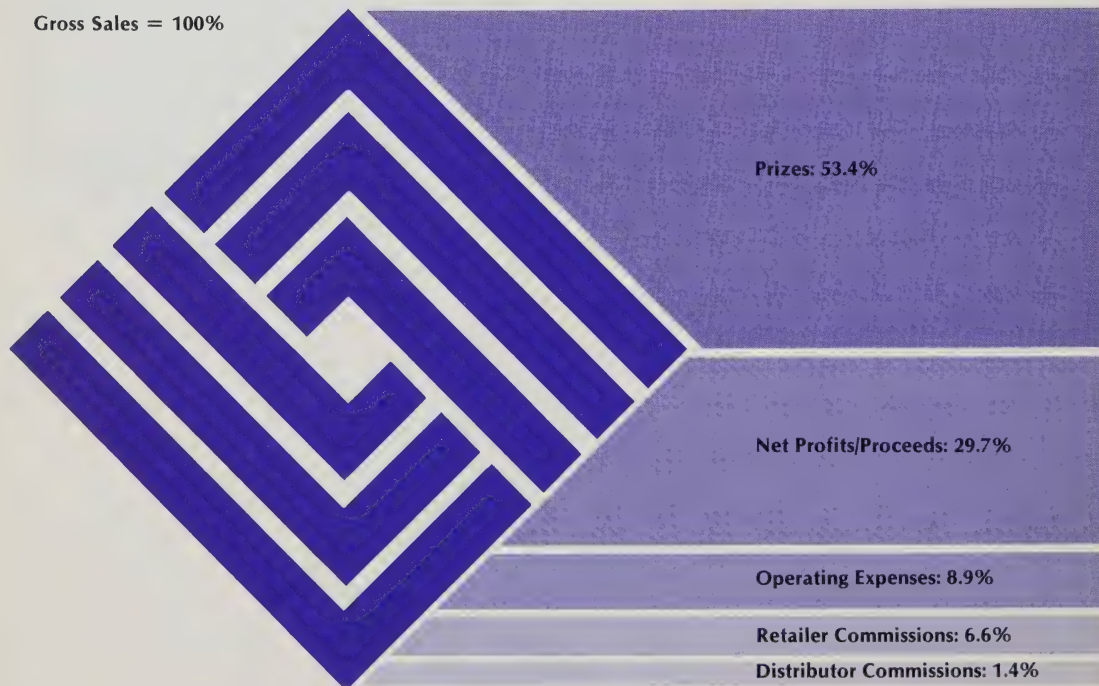
with sales-generating promotions and essential Lotto 6/49 start-up expenses to produce operating costs of \$46 million.

This includes \$8.7 million paid to the federal government under terms of a 1979 agreement that governed the withdrawal by the federal government from the lottery field at the end of 1979. Since the first installment in 1980, the federal government has received more than \$94.5 million from Canada's four provincial lottery jurisdictions. Ontario's total contribution to date is \$28.9 million.

### HOW LOTTERY DOLLARS ARE DISTRIBUTED

(Fiscal year ending March 31, 1983)

Gross Sales = 100%





# ONTARIO LOTTERY CORPORATION

(Incorporated without share capital under the Ontario Lottery Corporation Act)

## BALANCE SHEET

AS AT MARCH 31, 1983

Assets	1983 (\$000's)	1982 (\$000's)
Current assets		
Cash	16,240	9,228
Prize funds	35,194	27,629
Due from Interprovincial Lottery Corporation	4,403	5,045
Accrued interest	396	680
Accounts receivable	2,993	2,058
Prepaid expenses	713	405
	59,939	45,045
Liabilities		
Current liabilities		
Prize money unclaimed	35,194	27,629
Net profit/proceeds due to the Treasurer of Ontario (notes 3 and 4)	4,821	3,284
Accounts payable and accrued liabilities	8,548	3,020
Deferred income	11,376	11,112
	59,939	45,045

See accompanying notes to financial statements.

On behalf of the Board:

*J. Gilbert Bowness*

*DN Morris*

Director

Director



# STATEMENT OF NET PROFIT/PROCEEDS

DUE TO THE TREASURER OF ONTARIO FOR THE YEAR ENDED MARCH 31, 1983

	1983 (\$000's)	1982 (\$000's)
Balance, beginning of year	3,284	12,764
Net profit/proceeds for the year		
Wintario	44,226	56,124
Lottario	73,358	75,627
Provincial	16,171	16,550
Super Loto	14,402	9,219
Lotto 6/49	15,380	-
	163,537	157,520
Less payments to the Treasurer of Ontario on account of net profit/proceeds:		
Wintario (note 3)	44,000	61,000
Lottario (note 3)	73,000	76,000
Provincial (note 4)	16,000	20,000
Super Loto (note 4)	15,000	10,000
Lotto 6/49 (note 4)	14,000	-
	162,000	167,000
Balance, end of year		
Wintario	332	106
Lottario	1,531	1,173
Provincial	823	652
Super Loto	755	1,353
Lotto 6/49	1,380	-
	4,821	3,284

See accompanying notes to financial statements.

# STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 1983

	1983 (\$000's)	1982 (\$000's)
Cash ticket sales	494,671	448,645
Free tickets	55,425	58,251
	550,096	506,896
Less commissions—retailers and distributors	44,136	41,397
	505,960	465,499
Prizes		
Wintario—cash	70,873	72,673
— free tickets	46,116	47,651
Lottario	101,590	102,393
	218,579	222,717
Cost of tickets (note 2)		
Provincial	24,436	23,825
Super Loto—cash	18,065	14,751
— free tickets	9,309	10,600
Lotto 6/49	23,274	—
	75,084	49,176
Operating expenses		
Advertising	17,287	12,825
Ticket printing	7,483	6,412
Administration and other expenses	16,083	13,174
Payment to Government of Canada (note 5)	8,677	8,786
Equipment	5,603	3,777
	55,133	44,974
Operating income	157,164	148,632
Interest	6,373	8,888
Net profit/proceeds for the year	163,537	157,520

See accompanying notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1983

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Accounting

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles except for fixed assets which are written off to operations at the time of acquisition.

#### (b) Deferred Income

Revenues received net of expenses incurred for draws held subsequent to March 31st are deferred.

### 2. PROVINCIAL, SUPER LOTO AND LOTTO 6/49

Pursuant to section 7(b) of the Ontario Lottery Corporation Act, the Corporation was authorized by the Lieutenant Governor in Council to enter into agreements with other provinces regarding an interprovincial lottery scheme. The Provincial, Super Loto and Lotto 6/49 lotteries are joint undertakings by all provinces acting through the Interprovincial Lottery Corporation, a company incorporated under the Canada Business Corporation Act, the shares of which are held by Her Majesty the Queen in right of the respective provinces.

The Ontario Lottery Corporation is the Regional Marketing Organization for the Provincial, Super Loto and Lotto 6/49 in Ontario. The Corporation purchases Provincial and Super Loto tickets from the Interprovincial Lottery Corporation and manages the sale of Lotto 6/49 tickets on behalf of the Interprovincial Lottery Corporation in Ontario. The cost of tickets for the three games is composed of the proportional share of prizes based on the number of tickets sold, plus operating expenses less relevant interest earnings of the Interprovincial Lottery Corporation.

### 3. NET PROFITS—WINTARIO AND LOTTARIO

Pursuant to section 9 of the Ontario Lottery Corporation Act, the net profits of the Corporation after provision for prizes and the payment of expenses and operations, are payable into the Consolidated Revenue Fund of the Province.

### 4. NET PROCEEDS—PROVINCIAL, SUPER LOTO AND LOTTO 6/49

Pursuant to Order in Council 226/83, all moneys attributed to or accruing to Ontario from the Provincial, Super Loto and Lotto 6/49 after providing for prizes and the payment of operating expenses, are payable into the Consolidated Revenue Fund of the Province of Ontario to be held in trust.

### 5. PAYMENT TO GOVERNMENT OF CANADA

An agreement was made between the Government of Canada and the Province of Ontario in August 1979 which stipulated that the Government of Canada would withdraw from the sale of lottery tickets effective December 31, 1979. Effective January 1, 1980 the agreement required the provinces to remit quarterly to the Government of Canada the sum of \$6 million, appropriately adjusted to reflect the effects of inflation, based on a formula which takes into account each province's population and proportionate ticket sales.

Ontario's 1982-83 share of the payment was \$8,677,000 (1981-82 \$8,786,000) and was remitted to the Government of Canada through the Interprovincial Lottery Corporation.

### 6. INCOME TAXES

As a Crown Corporation of the Province of Ontario, the Corporation is exempt from income taxes and accordingly no provision is required.





Office of the  
Provincial  
Auditor.

To the Board of Directors of the Ontario Lottery Corporation and to the Minister of Tourism and Recreation.

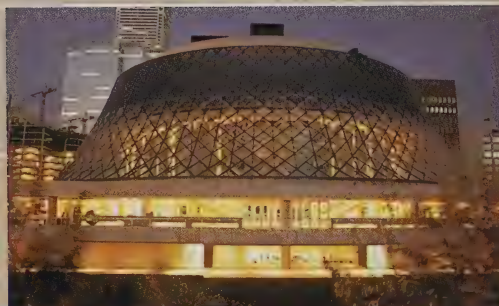
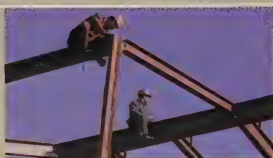
I have examined the balance sheet of the Ontario Lottery Corporation as at March 31, 1983 and the statements of operations and net profit/proceeds due to the Treasurer of Ontario for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1983 and the results of its operations for the year then ended in accordance with the accounting policy described in Note 1a to the financial statements, applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Corporation and to the Minister.

J.F. Otterman, C.A.  
Assistant Provincial Auditor

Toronto, Ontario  
August 5, 1983



**The Ontario Lottery Corporation**  
2 Bloor Street West  
Toronto, Ontario  
M4W 3H8

Prize Office  
Mezzanine floor  
Cumberland Terrace  
(416) 961-6262

**Winning Numbers**  
Wintario (416) 870-9170  
Lottario (416) 870-9122  
Provincial (416) 870-9161  
Super Loto (416) 870-9135  
Lotto 6/49 (416) 870-9134



Ministry of  
Tourism and  
Recreation

Hon. Reuben C. Baetz  
Minister  
John R. Sloan  
Deputy Minister

CA 2 ON  
CR 200  
- A56



## Ontario Lottery Corporation

A N N U A L   R E P O R T   1 9 8 3 - 1 9 8 4





September 30, 1984

The Honourable Reuben Baetz  
Minister of Tourism and Recreation  
77 Bloor Street West  
Toronto, Ontario  
M7A 2R9

Dear Mr. Baetz:

Pursuant to the provisions of the Ontario Lottery Corporation Act, I have the pleasure of presenting to you the ninth annual report of the Ontario Lottery Corporation for the year ending March 31, 1984.

Yours very truly,



Donald J. MacLean  
Chairman of the Board

## REPORT HIGHLIGHTS

(\$ million)

	1983/84		1982/83	
	actual	% gross sales	actual	% gross sales
Sales	661.8	100.0	550.0	100.0
Commissions	50.3	7.6	44.1	8.0
Prizes	341.0	51.5	294.4	53.5
Operating expenses	53.7	8.1	48.0	8.8
Profit	216.7	32.8	163.5	29.7

### COVER PHOTO

*The isolation of deafness is lessened by using a special keyboard and telephone hook-up. Through part of a multi-faceted \$829,000 grant from the lottery-funded Trillium Foundation, this Canadian-produced technology is available through the Canadian Hearing Society's Technical Aids Program, co-ordinated by John Kidd, pictured.*

## CHAIRMAN'S REPORT



Success is defined as reaching a goal. And when Ontario entered the lottery field in 1975, its goal was to raise money for public projects not normally eligible for funding.

In the fiscal year 1983/84, the Ontario Lottery Corporation recorded \$216.7 million in net profit, bringing the total generated in nine years to over \$1 billion.

These funds have been transformed into thousands of sports, fitness, recreational, cultural, health and environmentally-related health research and social service projects all across Ontario.

But the contribution of our lotteries is best measured in more personal terms. They have played a significant role in helping Ontarians meet some of their own goals and needs in a variety of ways.

And through the Trillium Foundation, up to \$15 million annually in lottery profits are channelled to province-wide social service agencies. This unique Foundation is helping charitable organizations extend their important community services by becoming more independent and self-sufficient.

Credit for our lotteries' success must go to loyal players who enjoy the fun and entertainment of the games. Special appreciation must also be paid to retiring chairman, J. Gilbert Bowness, the Corporation's hard-working directors, staff and sales network.

We look forward to our tenth year of operation with enthusiasm and a firm commitment to our goal of service to the people of Ontario.

Donald J. MacLean  
Chairman of the Board

## BOARD OF DIRECTORS

The Ontario Lottery Corporation's board of directors represents a cross-section of the province. It is responsible for determining corporate policy and maximizing operational efficiency.



DONALD J. MacLEAN, chairman — Willowdale (Feb. 17, 1976 — Feb. 16, 1985). Appointed chairman in April 1984, Mr. MacLean has also served the Interprovincial Lottery Corporation for four years. A chartered life underwriter, he is chairman of the board of regents of Mount Allison University.



FERN GUINDON, vice-chairman — Cornwall (Feb. 17, 1975 — Feb. 16, 1987). A director since the Corporation's creation, Mr. Guindon was appointed vice-chairman in April 1984. During his career in the Ontario Legislature as member for Stormont from 1957-1974, he held a variety of portfolios.



MOLLIE CALLAGHAN, director — Toronto (Feb. 17, 1981 — Feb. 16, 1987). Mrs. Callaghan's journalistic background complements the extensive talents of the board. She contributes to several specialized publications.



ALBERT HANSEN, director — Ottawa (Oct. 29, 1981 — Feb. 16, 1985). Mr. Hansen's experience as a financial executive in the automotive industry is a valuable asset to both the Ontario and Interprovincial lottery corporations.



MONIQUE JACQUES, director — Kapuskasing (Feb. 17, 1981 — Feb. 16, 1987). Active in her community, Mrs. Jacques is vice-chairman of the Kapuskasing Separate School Board. She has also been active with the Canadian Cancer Society in its education department.



C. RONALD S. MacKENZIE, MD, director — St. Catharines (Feb. 7, 1981 — Feb. 16, 1987). Dr. MacKenzie is a gynaecology chief at Hotel Dieu Hospital. He is also a former director of the Ontario Arts Council.



D. NORMAN MORRIS, CA, president — Mississauga. Mr. Morris is the chief executive officer of the Corporation and president and director of the Interprovincial Lottery Corporation.



C. GORDON ROSS, BD, director — Scarborough (Feb. 17, 1981 — Feb. 16, 1986). After a law career, Mr. Ross was ordained a United Church minister in 1967. He is pastor of the Knob Hill United Church.

Ontario Lottery Corporation Senior Staff  
D. Norman Morris, president  
Adam J. Hawkins, executive vice-president  
J. Michael Holroyde, vice-president,  
Sales and Distribution

Douglas R. Mackie, vice-president,  
Marketing  
John MacNabb, vice-president,  
Computer Services  
John Van Camp, controller

## PRESIDENT'S REPORT

**"We value the dialogue built with our customers for it has allowed us to develop and change products in the way they want them."**

If any business is to prosper, it must listen to its customers and design products they want to buy. It's a simple philosophy, but one the Ontario Lottery Corporation has subscribed to since it began nine years ago.

We value the dialogue built with our customers for it has allowed us to develop and change products in the way they want them.

And in the fiscal year 1983/84, the Corporation once again listened and responded, resulting in its best-ever performance on behalf of its shareholders, the people of Ontario.

Gross ticket sales of \$661.8 million increased 20% from last year, available prizes totalled \$341.0 million and profits \$216.7 million. Despite increased costs, operating expenses, measured as a percentage of gross sales, decreased to 8.1% from 8.8% last year.

There were several contributing factors to our strong performance: the launch of Shoot to Score, our first instant game and the tremendous popularity Lotto 6/49 enjoyed, particularly during January 1984 when the Jackpot reached a historic \$13.9 million.

A tribute must go to the Corporation's 204 staff members who, during the Lotto 6/49 excitement, saw workloads triple and quadruple when Ontario sales climbed to over \$21 million during the final week. This remarkable productivity translated into annual profit per staff member of over \$1 million for the benefit of our shareholders.

To our players, our thanks for your support. To the people of Ontario, we repeat our pledge of responsible, secure and efficient lottery administration to ensure the on-going contribution of lotteries to our province.



D. Norman Morris  
President

## FIVE-YEAR REVIEW

### OPERATING HIGHLIGHTS

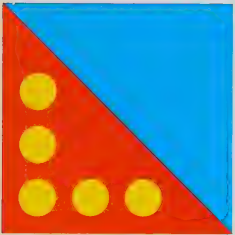
(\$000)

	1979/80	1980/81	1981/82	1982/83	1983/84
<b>SALES</b>	323,787	490,333	506,896	550,096	661,818
<b>COMMISSIONS</b>	28,292	41,203	41,397	44,136	50,318
<b>PRIZES</b>	182,733	270,324	271,893	294,394	341,019
<b>TOTAL OPERATING EXPENSES</b>	22,196	36,702	44,974	54,402	58,354
<b>INTEREST</b>	4,250	6,728	8,888	6,373	4,612
<b>INCOME</b>	92,844*	148,833	157,520	163,537	216,739
<b>NUMBER OF GAMES</b>	4	4	4	5	6

\*AFTER EXTRAORDINARY EXPENSES



## A NEW LOTTERY LOGO



The identification of a product or service with a symbol has been an effective means of communication for centuries.

And now, Ontario lottery players can spot ticket outlets at a glance, thanks to a new symbol introduced throughout the province in June 1984.

It's all part of a two-year program to provide a consistent lottery image in the marketplace. It will also allow the Corporation to reduce promotional expenditures and eliminate some of the advertising clutter at the retail level.

Composed of two elements, the new logo consists of a red triangle with five yellow circles superimposed on a blue square. The circles form a letter 'L' in the lower left triangle, denoting Ontario's lotteries. They are also a visual reminder of the balls used to draw winning numbers.

Because of the thousands of different retail locations, the program is made up of a variety of components to suit individual outlets. These include door and window decals, illuminated signs and hanging panels to create harmony within the lottery family and give equal emphasis to each game. Since the elements can be permanently installed, the need for replacements is eliminated.

The 2,200 on-line ticket locations across the province have currently been converted. Attention is now being directed to the other 14,000 retail outlets with total conversion scheduled by 1986.

And to continue the consistency, the Ontario Lottery Corporation will use the red triangle and five yellow circles as its new corporate logo. It will be applied to all materials from letterhead to vehicles throughout the organization.

This will provide the final link in the creation of a simple, uniform image for Ontario's government lotteries.



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## A LOOK AT THE LOTTERY

**An interview with Donald J. MacLean, chairman, and D. Norman Morris, president.**

**Every year the Ontario Lottery Corporation welcomes thousands of inquiries from its players. In the following interview, the chairman and president answer some recent questions.**

*You've now had nine years to study major lottery winners. What happens? What do they do with their winnings?*

MacLEAN: Interestingly enough, most tell us the same thing: life goes on pretty much the same — and that's just fine with them.

MORRIS: In fact, in our research with winners, more than 90% keep their jobs and less than a quarter pay off their mortgage or buy a new home. Winners invest their prize money for future security and more often than not, share it with family, friends and charities.

*Are they harassed as some reports would lead us to believe?*

MORRIS: No. The real life experience of nearly 1,000 winners shows only 2% found solicitations to be a problem.

*Some people say those who buy the most lottery tickets are the ones who can least afford it. Is this true?*

MORRIS: The truth is most people in Ontario play lotteries: 85% of all households at one time or another. People with lower and higher household incomes actually play less than those with moderate incomes. And this shows up time and time again in all lottery jurisdictions' research.

*How much do people spend on lottery tickets?*

MORRIS: The average reported expenditure on lottery tickets in Ontario is \$8.50 per month.

MacLEAN: Looking at it from another view, per capita spending on lotteries last year was \$76, much less than alcohol or tobacco per capita sales at about \$343 and \$200 respectively.

*What is the role of lottery advertising? Does it encourage players to spend too much money?*

MacLEAN: We view advertising as an essential method of communicating information about our games to our players.

MORRIS: But we have very strict guidelines: We talk about the prizes and the dates the draws take place. What we avoid is showing people winning large sums of money.

MacLEAN: We believe our philosophy doesn't encourage people to overspend.

*Is there too much, as some people say?*

MORRIS: You know, in looking at any type of advertising, some people say there is too much. Lotteries are no different. However, in some recent public opinion research, two out of three Ontarians approved of our advertising, while the majority thought it not excessive.

*Compulsive gambling has received a lot of attention in recent years. Is there a link between lotteries and addictive behaviour?*

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**"Lotteries have raised over \$1 billion in the nine years they've been operating in Ontario."**

MacLEAN

**"And this public service aspect is the only reason lotteries exist today."**

MORRIS

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MacLEAN: There's no question that compulsive gambling is a problem in society today. Right now, there are very few scientific studies on the subject, though I think some are being contemplated. From what we can find, there is little connection between lotteries and addictive behaviour.

MORRIS: We're lead to believe that lotteries don't appeal to heavy gamblers because there isn't enough immediate gratification in them. Buying a ticket and waiting a week or month for a draw isn't of interest. They're more attracted to the

kind of immediate response horse races, casino or high stake card games offer.

*How much money have lotteries raised and where do lottery profits go?*

**MacLEAN:** Lotteries have raised over \$1 billion in the nine years they've been operating in Ontario. Profits from Ontario-only games, Wintario, Lottario and Instant, go to sports, physical fitness, cultural and recreational projects. Those games we operate on behalf of the Interprovincial Lottery Corporation, Provincial,

*The Ontario Lottery Corporation operates six games now. Isn't this enough? What are your plans for the future?*

**MORRIS:** Like any other business operation, we listen to our players. Our experience has shown that the lottery business, like any other, is segmented. We try to design different games to satisfy the various kinds of markets. Needless to say, if I've got my favorite game, I might think the others aren't needed.

**MacLEAN:** But the fact that all of our games are popular indicates there is a market for them.



Super Loto and Lotto 6/49, dedicate the proceeds to health and environmentally-related health research and social service programs and projects through the Trillium Foundation. As well, in the past, \$100 million were spent on hospital capital projects.

**MORRIS:** And this public service aspect is the only reason lotteries exist today. Before 1975, Ontario residents were sending \$100 million to other lottery jurisdictions. Now they can enjoy the benefits lottery profits provide in their own province.

If you have any questions you'd like answered, contact the Ontario Lottery Corporation's Public Relations department at 2 Bloor Street West, 24th floor, Toronto, Ontario, M4W 3H8 or call (416) 961-6262.



## MULTIMILLIONAIRES

"I've always wanted time to be with old and sick people," she said when claiming the prize with her brother, "now I'll have it."

MARIA DICOSTANZO

Multimillionaires. Never have we had as many winners collect million plus and multi-million dollar prizes.

The phenomenon was sparked by Lottario and Lotto 6/49's growing jackpots which are added to the next week's prize if not won. This creates the possibility for multimillion dollar jackpots. That possibility became reality for seven individuals or groups of winners in Ontario during the year.

For Maria and Salvatore DiCostanzo of Toronto, winning \$4.1 million in the March 10, 1984 Lotto 6/49 draw was a dream come true



— a dream for Maria to bring comfort to the scores of senior citizens she regularly visited in the Toronto area. "I've always wanted time to be with old and sick people," she said when claiming the prize with her brother, "now I'll have it."

The DiCostanzos also planned to assist the 20 members of their family. And for themselves? Nothing extravagant — early retirement and a holiday in the sun to let their good fortune sink in.

The largest tax-free lottery prize in North American history, \$13.9 million, was collected by Stuart and Lillian Kelly of Brantford in January.

Bernard Christopher, a \$1.4 million winner in the September 10, 1983 Lotto 6/49 draw, planned to use his windfall to buy a house for his mother in St. Lucia. "She sacrificed quite a

lot for her five children and I always felt it was up to me to pay her back," the Willowdale resident said while claiming his prize.

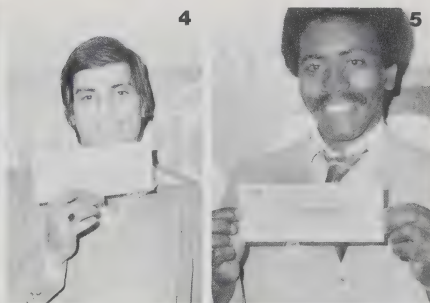
And when Rexdale resident, Glenn Rawlin claimed his \$1.1 million prize from the March 24, 1984 Lottario draw, he hadn't finalized his plans but was considering starting up "a daycare centre because my wife likes to work with children. I'm also going to donate a good sum to a Roman Catholic charity."

Ontario's fifth million-dollar-plus winner was Keith Meluish of Milton, a \$1.1 million Lotto 6/49 winner from the March 17, 1984 draw.

1. Maria and Salvatore DiCostanzo of Toronto with the Honourable Reuben Baetz, Minister of Tourism and Recreation and minister responsible for lotteries — \$4.1 million, Lotto 6/49.
2. Stuart and Lillian Kelly of Brantford — \$13.9 million, Lotto 6/49.
3. Inco miners, Rex Hewlett, Ray MacLaren, Howard Mulligan, MacDonald Oldford, Ellis Tiller and their wives — \$1.2 million, Lotto 6/49.
4. Glenn Rawlin of Rexdale — \$1.1 million, Lottario.
5. Bernard Christopher of Willowdale — \$1.4 million, Lotto 6/49.
6. Keith Meluish of Milton with wife Judy and daughter Michelle — \$1.1 million, Lotto 6/49.



3



4

5



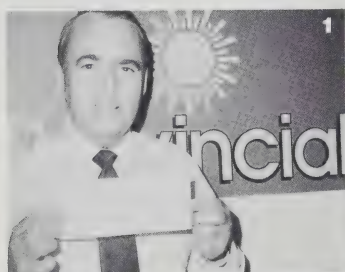
How would the money affect their lives? "If you've got what we've got, a good marriage, good friends and family and you win money on top of that, it's just a bonus," wife Judy explained.

And a group of five Sudbury miners and their wives shared a \$2.4 million Lotto 6/49 Jackpot in February with 21 Toronto police employees.

## WINNERS

New ones are created every single week all over Ontario. And when it happens, you read about them in daily or weekly newspapers. Or hear about them on the radio or see them on television. They come from the north, south, east and west, reflecting the diverse cultural identity characteristic of Ontario. They represent every income, age and occupational group in the province.

Who are they? They're Ontario lottery prizewinners and they've cashed in on more than just luck. In fact, this fiscal year, more than 21 million winners shared over \$330 million in prizes, representing an overall prize redemption rate of 89%.



But smiles tell the story much more effectively than statistics. Behind every smile, there's a unique lottery experience, through which emerges a picture of Ontario's lottery winners. The common denominator? A 'life as usual' reaction.

Take, for example, \$500,000 Provincial lottery winner Tony McLellan. When asked what he planned to do with his prize, the Burlington father replied, "I'm not going out to buy a restaurant or anything like that. I'm going to bank it and see what kind of interest we can live off."

Then there was 74-year-old Ingersoll native Olave King. Even though Mrs. King knew she had won a \$691,437 Lottario Jackpot, she finished her housework before confirming her win with an agent. A \$3-a-week player, Mrs.



King explained she was not a gambler. "I know the people who sell the tickets and they're very nice down there."

Although life tends to run its normal course, winning a lottery is indeed exciting. Million dollar Super Loto winners Yang Soo and Bok Ja Lee can attest to this after discovering their April 1983 win. Still surprised at their good fortune weeks after winning, Mr. Lee said, "I just kept thinking, how can you believe it? I'm just a quiet worker and never imagined I'd become a millionaire."

For Thunder Bay resident Peter Mykulak, winning \$100,000 in an August Wintario draw meant a financially secure retirement. The

1. Tony McLellan of Burlington — \$500,000, Provincial.
2. Olave King of Ingersoll — \$691,437.60, Lottario.
3. Elaine Kam-Kin and daughter Stacie of Windsor — \$121,646.90, Lotto 6/49.
4. Bernice McDaniel and son Don of Kirkland Lake — \$100,000, Wintario.
5. Peter Mykulak of Thunder Bay — \$100,000, Wintario.
6. Bok Ja and Yang Soo Lee of Port Elgin — \$1 million, Super Loto.
7. Georgette Belair of Ottawa — \$25,000, Provincial.
8. Steve Neamtu and son of Welland — \$10,000, Shoot to Score Instant.
9. Tien Ngoc Truong of Toronto — \$10,000, Super Loto.
10. Trevor Auld of Mississauga — \$14,821.60, Lottario.



Behind every smile, there's a unique lottery experience, through which emerges a picture of Ontario's lottery winners. The common denominator? A 'life as usual' reaction.

60-year-old transport driver just planned on slowing down, remodelling his kitchen and banking the rest of the windfall.

Ontario's lottery prizewinners are a remarkable group. They are, without a doubt, very lucky individuals with their feet planted firmly on the ground.

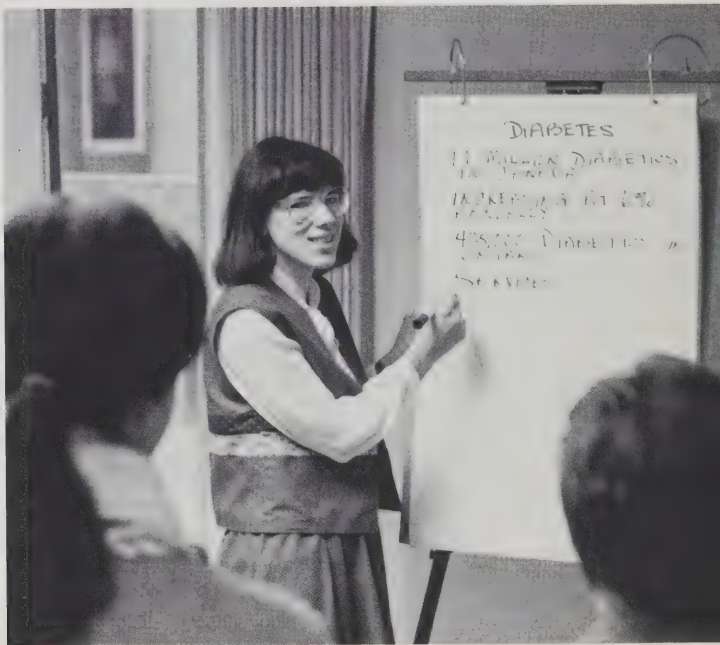
## GRANTS

Over one billion dollars. It's an incredible sum that has touched every part of Ontario, from rural towns to great urban centres.

Lottery monies are currently at work assisting communities build much-needed recreational facilities, helping researchers find answers to important medical and environmental questions and aiding non-profit social service agencies in realizing their goals to help disabled and disadvantaged people.

In just nine years, the Ontario Lottery Corporation has generated almost \$1.1 billion, \$216.7 million in the 1983/84 fiscal year. These monies are turned over to the government and distributed by several ministries to sports,

**Lottery dollars assist province-wide social service agencies.**



fitness, culture, recreation, health and environmentally-related health research. And, through the Trillium Foundation, a variety of volunteer social service organizations also benefit.

The Trillium Foundation receives up to \$15 million annually from lottery profits. Trillium funds have directly or indirectly assisted more than 1,000 local branches or member-groups around the province and have extended the work of more than 80,000 volunteers involved with the 21 province-wide organizations funded to date.



## Health and environmentally-related health research projects also benefit.

The Canadian Diabetes Association's Ontario division is one such beneficiary of lottery dollars. Over a three-year period, \$300,000 will provide funding for a program to assist 45,200 Ontario diabetics address psychological and social problems connected with diabetes.

Three main groups are targeted for help: children and youth, seniors and newly-diagnosed diabetics. These patients must deal with the fear of blindness, early death, amputation, cardiovascular disease, stress, suicide and family adjustment.

Medical treatment of diabetes has always been a priority. But now, through the Trillium Foundation, the Canadian Diabetes Association will provide much-needed counselling on the psychological aspects of the disease.

And when it comes to elevating our quality of life, lottery-funded projects spring to the forefront. Take, for example, the new John P. Robarts Research Institute in London. Currently under construction, the Institute will study arteriosclerosis and the formation of aneurysms, stroke, aging, organ transplants and diabetes.

With a \$3.6 million lottery grant dedicated to

construction costs, the Institute has a projected completion date of 1986. With its goal of preventing premature death and disability, the Institute will bring together dedicated research scientists to share ideas, knowledge and technology.

And in the area of sports, Wintario has long been recognized for its contributions. This funding is significant in a year that saw such success for many Ontario athletes, including Shawn O'Sullivan, Angela Davis, Alex Baumann and Victor Davis, at the Olympic Games.

But Wintario monies have assisted athletes of all ages and all levels of achievement. Lottery dollars have helped build recreation and competition facilities, buy needed equipment and assist in many other aspects of sport development from training through travel.

All areas of funding have provided benefits in one way or another. Benefits that cannot be measured in dollars. Benefits designed to serve and improve the quality of life we enjoy in Ontario.

Physical fitness, sports, cultural and recreational projects are also lottery grant recipients.





## PLAYERS

A lottery cannot be successful without players. And who are Ontario's lottery players? Simply put, almost everyone.

According to a research survey\*, 76% of Ontarians support the existence of lotteries and 85% had purchased a lottery ticket at some time, with participation coming from every age and income bracket.

The study showed, however, that participation



### LOTTERY PARTICIPATION\*

"Have you ever purchased a lottery ticket?"

AVERAGE	85.3%
SEX	
male	89.8%
female	80.8%
AGE	
18 — 24	81.4%
25 — 29	86.5%
30 — 34	87.8%
35 — 39	89.2%
40 — 49	85.9%
50 — 59	88.9%
60 +	79.1%
EDUCATION	
Elementary/some high school	86.3%
High school	89.5%
Vocational/technical/college	88.7%
Some university/in school	79.7%
University	79.6%
INCOME	
less than \$15,000	79.5%
\$15,000 — \$24,999	83.4%
\$25,000 — \$29,999	90.5%
\$30,000 — \$39,999	88.5%
\$40,000 — \$49,999	88.8%
\$50,000 +	81.3%

is slightly less for the elderly and those in lower and higher income groups. In fact, the average lottery player, according to the research, is middle-aged, moderately-educated and a middle-income earner.

Examination of spending levels indicates that while the average reported monthly expenditure on lotteries is \$8.50, almost three-quarters of players spend less than \$10.

Other points of interest included:

- the majority (58%) of Ontarians report spending less than \$5 per month.
- 54% of players buy only one game; 32% play two games while 14% participate in three or more lotteries.

And after a player becomes a winner, what

happens then? Well, according to on-going research with major prize winners, life goes on as normal.

The Corporation's survey of almost 1,000 grand prize winners has revealed very reassuring data.

- 91% of winners returned to work.
- 79% banked or invested their windfall, 42% shared with family and charities, 25% paid

new home or paid off their mortgage and 47% took a vacation.

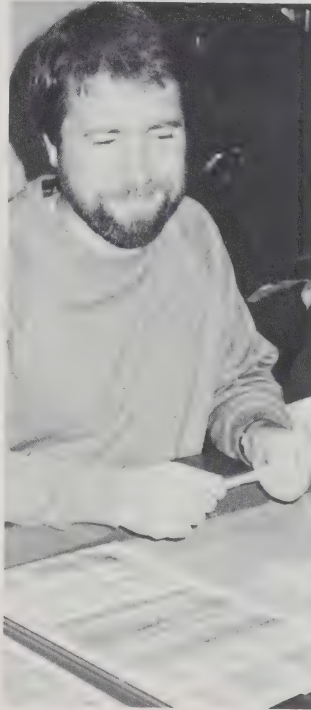
- only 5% reported solicitations for donations a problem.
- 95% reported fair treatment by the news media.

#### LOTTERY EXPENDITURE PER MONTH\*

Average expenditure: \$8.50 per month

**"During the course of the past month, how much money would you say you personally spent on lottery tickets?"**

	LESS THAN \$5	\$5 — \$9	\$10 OR MORE
AVERAGE	58.8%	15.9%	25.3%
SEX			
male	50.0%	16.9%	33.0%
female	68.8%	14.6%	16.6%
AGE			
18 — 24	59.7%	18.5%	21.8%
25 — 29	64.2%	18.9%	16.8%
30 — 34	62.5%	18.3%	19.3%
35 — 39	56.2%	12.5%	31.3%
40 — 49	56.9%	14.7%	28.4%
50 — 59	50.0%	15.1%	34.8%
60 +	60.3%	10.3%	29.2%
EDUCATION			
Elementary/some high school	52.2%	15.2%	32.6%
High school	51.3%	18.7%	29.9%
Vocational/technical/ college	55.4%	19.6%	25.0%
Some university/ in school	71.4%	11.2%	17.4%
University	73.9%	11.7%	14.4%
INCOME			
less than \$15,000	60.8%	15.7%	23.5%
\$15,000 — \$24,999	56.4%	15.8%	27.9%
\$25,000 — \$29,999	50.0%	15.2%	34.8%
\$30,000 — \$39,999	53.4%	16.4%	30.2%
\$40,000 — \$49,999	59.7%	22.1%	18.2%
\$50,000 +	77.8%	11.1%	11.1%



off their mortgage or bought a new home, 26% purchased a new vehicle and 23% travelled.

- only 2% reported problems with requests for donations.
- 90% reported fair treatment by the news media.

And the experiences of very large winners (\$500,000 or more) are very similar to the smaller ones.

- 75% kept their jobs, with many of the remainder taking early retirement or returning to school.
- uses of winnings included: 92% invested, 82% shared with family and charities, 67% bought a new vehicle, 50% purchased a

\*DECIMA RESEARCH: JULY 1984 (SAMPLE SIZE: 800)

Lotto 6/49 was among the most popular topics of conversation during the six weeks leading up to the \$13.9 million Jackpot prize.

The highlights of this fiscal year were undoubtedly the record Lotto 6/49 Jackpot in January followed by the launch of the Corporation's first instant game in March.

Lotto 6/49 was among the most popular topics of conversation during the six weeks leading up to the \$13.9 million Jackpot prize. With record sales levels and constant media focus, the game received international attention, with hundreds of inquiries coming into the Corporation from all over the world.

And after the draw, all North America waited for the winners to declare themselves. Thousands of calls poured into Corporation offices each day while news media 'camped out' in the lobby, hoping to be the first to meet North America's largest lottery winners.

Sales recorded the excitement. In Ontario, they grew from \$1.7 million in the first week to \$21.8 million in the final one, contributing to national sales in the same period of \$6 million to \$67.5 million. The excitement brought a large number of first-time players into the game, many of whom remained regular players.

The impact of the expanded player base was demonstrated in average Ontario weekly sales which increased from \$1.8 million before the record prize cycle to \$4.2 million after. Similarly, national sales grew from \$6.2 million to \$14.3 million.

Then in March, the Corporation launched its first instant game, Shoot to Score. Players could scratch and win instant prizes from \$2 to \$10,000 in an imaginary hockey game. The \$2-a-ticket game also offered draw prizes of \$100,000.

While no major game changes were introduced during the fiscal year, Wintario, Lottario, Provincial and Super Loto offered players a variety of innovative bonus draws. Wintario continued its three-week bonus draw format, introducing an instant bonus draw in early 1984. Lottario's first ever bonus draw featured 'Fun Month' — \$1 million in bonus Jackpot prizes over a four-week period. Provincial bonus draws offered players extra prizes of \$10,000, \$25,000 or \$55,555. And Super Loto again made available 1,000 Canadian-produced automobiles as prizes in the summer and 1,000 prizes of \$10,000 each in January.

And in April 1984, Wintario introduced an instant Win'fall prize feature and boosted the top prize to \$200,000. The Lotto 6/49 prize structure was revamped to limit Jackpot growth after the pool reaches \$7 million in response to public demand to limit Jackpot prizes.





Gross sales	\$184.4 million
Net profit	\$40.1 million
Chances of winning:	
top prize	1 in 4,000,000
major prize*	1 in 1,000,000
any prize	1 in 17.6



Gross sales	\$201.3 million
Net profit	\$74.7 million
Chances of winning:	
top prize	1 in 3,260,000
major prize*	1 in 466,089
any prize	1 in 28



Gross sales	\$10.6 million
Net profit	\$2.7 million
Chances of winning:	
top prize	1 in 1,000,000
major prize*	1 in 74,074
any prize	1 in 8.2



Ontario gross sales	\$53.0 million
Ontario net proceeds	\$16.3 million
Chances of winning:	
top prize	1 in 1,000,000
major prize*	1 in 200,000
any prize	1 in 3.4



Ontario gross sales	\$54.0 million
Ontario net proceeds	\$15.8 million
Chances of winning:	
top prize	1 in 500,000
major prize*	1 in 222,222
any prize	1 in 4



Ontario gross sales	\$158.3 million
Ontario net proceeds	\$66.8 million
Chances of winning:	
top prize	1 in 13,983,816
major prize*	1 in 1,997,688
any prize	1 in 53



The Wintario show, with hosts Faye Dance and Greg Beresford, is televised live from a different Ontario community each week.



Bill Lawrence hosts the weekly Lottario draw which is televised live every Saturday night.

\*TOP TWO PRIZES

## DISTRIBUTION OF REVENUE

A record \$661.8 million in gross sales was generated by the Corporation in the fiscal year 1983/84.

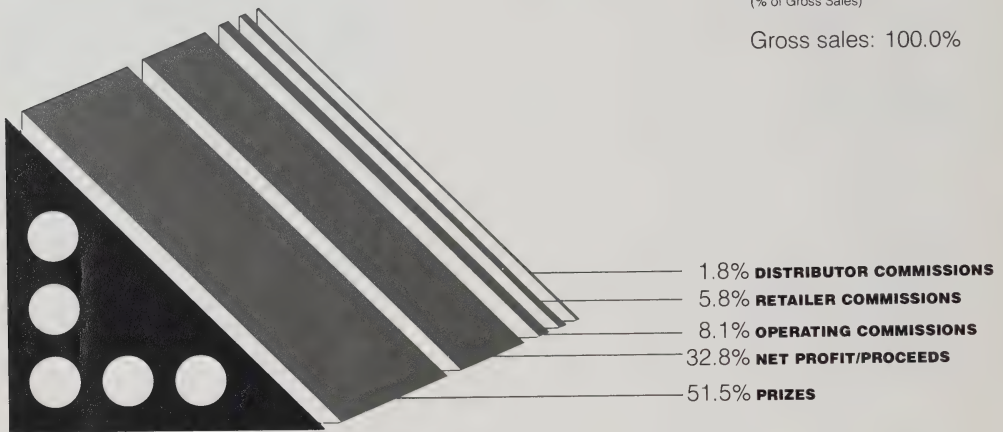
This provided a greater prize payout, returning \$341.0 million as prizes. Cash prizes ranged from \$2 to a North-American record of \$13.9 million.

Net profit/proceeds also rose, reaching \$216.7 million. These monies were dedicated to

Operating expenses also included a \$12.4 million payment to the federal government as part of the 1979 agreement that governed its withdrawal from the gaming field. Since 1980, Ontario has contributed \$41.3 million, bringing the total payment to the federal government from Canada's four lottery jurisdictions to \$128.7 million.

### DISTRIBUTION OF REVENUE (% of Gross Sales)

Gross sales: 100.0%



physical fitness, sports, culture, recreation, health and environmentally-related health research and province-wide social service projects.

Increased sales also sparked a rise in retailer and distributor commissions, reaching \$50.3 million. This prosperity was shared by over 16,000 retailers across Ontario who sell the Corporation's products and 47 independent distributors who are responsible for supplying retailers with tickets.

Distributors receive an average of 2 1/2% commission on Wintario, Provincial and Super Loto; 1% on Instant and a \$6 weekly service fee for Lottario and Lotto 6/49 terminals.

Retailers receive 8% commission for Wintario and Instant and 5% for all other games in addition to bonus commissions of \$100 to \$1,500 for selling grand prize winning tickets.

Actual operating costs increased to \$53.7 million, representing a decrease to 8.1% as a percentage of gross sales. Inflation and the launch of the Corporation's first instant game contributed to higher actual costs.

**A record \$661.8 million in gross sales generated net profit/proceeds of \$216.7 million.**

## Ontario Lottery Corporation

(INCORPORATED WITHOUT SHARE CAPITAL UNDER THE  
ONTARIO LOTTERY CORPORATION ACT)

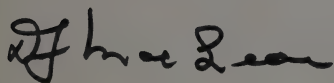
### BALANCE SHEET

AS AT MARCH 31, 1984

	1984 (\$000's)	1983 (\$000's)
Assets		
Current assets		
Cash	9,369	16,240
Prize funds	32,261	35,194
Due from Interprovincial Lottery Corporation	3,117	4,403
Accrued interest	407	396
Accounts receivable	5,937	2,993
Prepaid expenses	263	713
	51,354	59,939
Liabilities		
Current liabilities		
Prize money unclaimed	32,261	35,194
Net profit/proceeds due to the Treasurer of Ontario (notes 3 and 4)	4,560	4,821
Accounts payable and accrued liabilities	7,317	8,548
Deferred income	7,216	11,376
	51,354	59,939

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director



## Ontario Lottery Corporation

### STATEMENT OF NET PROFIT/PROCEEDS DUE TO THE TREASURER OF ONTARIO

FOR THE YEAR ENDED MARCH 31, 1984

	1984 (\$000's)	1983 (\$000's)
Balance, beginning of year	4,821	3,284
Net profit/proceeds for the year		
Wintario	40,128	44,226
Lottario	74,781	73,358
Provincial	16,319	16,171
Super Loto	15,884	14,402
Lotto 6/49	66,829	15,380
Instant (note 6)	2,798	—
	216,739	163,537
Less payments to the Treasurer of Ontario on account of net profit/proceeds:		
Wintario (note 3)	40,000	44,000
Lottario (note 3)	76,000	73,000
Provincial (note 4)	16,000	16,000
Super Loto (note 4)	15,000	15,000
Lotto 6/49 (note 4)	68,000	14,000
Instant (notes 3 and 6)	2,000	—
	217,000	162,000
Balance, end of year		
Wintario	460	332
Lottario	312	1,531
Provincial	1,142	823
Super Loto	1,639	755
Lotto 6/49	209	1,380
Instant (note 6)	798	—
	4,560	4,821

See accompanying notes to financial statements.

## Ontario Lottery Corporation

### STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 1984

	1984 (\$000's)	1983 (\$000's)
Cash ticket sales	608,752	494,671
Free tickets	53,066	55,425
	661,818	550,096
Less commissions — retailers and distributors	50,318	44,136
	611,500	505,960
Prizes		
Wintario — cash	64,456	70,873
— free tickets	42,908	46,116
Lottario	100,670	101,590
Instant (note 6)	4,805	—
	212,839	218,579
Cost of tickets (note 2)		
Provincial	26,431	25,167
Super Loto — cash	20,103	18,065
— free tickets	10,158	9,309
Lotto 6/49	71,488	23,274
	128,180	75,815
Operating expenses		
Advertising	18,389	16,264
Ticket printing	7,953	7,483
Administration and other expenses	18,404	16,375
Payment to Government of Canada (note 5)	12,406	8,677
Equipment	1,202	5,603
	58,354	54,402
Operating income	212,127	157,164
Interest	4,612	6,373
Net profit/proceeds for the year	216,739	163,537

See accompanying notes to financial statements.

# Ontario Lottery Corporation

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1984

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Accounting

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles except for fixed assets which are written off to operations at the time of acquisition.

#### (b) Deferred Income

Revenues received net of expenses incurred for draws held subsequent to March 31st are deferred.

### 2. PROVINCIAL, SUPER LOTO AND LOTTO 6/49

Pursuant to section 7(b) of the Ontario Lottery Corporation Act, the Corporation was authorized by the Lieutenant Governor in Council to enter into agreements with other provinces regarding an interprovincial lottery scheme. The Provincial, Super Loto and Lotto 6/49 lotteries are joint undertakings by all provinces acting through the Interprovincial Lottery Corporation, a company incorporated under the Canada Business Corporation Act, the shares of which are held by Her Majesty the Queen in right of the respective provinces.

The Ontario Lottery Corporation is the Regional Marketing Organization for the Provincial, Super Loto and Lotto 6/49 in Ontario. The Corporation purchases Provincial and Super Loto tickets from the Interprovincial Lottery Corporation and manages the sale of Lotto 6/49 tickets on behalf of the Interprovincial Lottery Corporation in Ontario. The cost of tickets for the three games is composed of the proportional share of prizes based on the number of tickets sold, plus operating expenses less relevant interest earnings of the Interprovincial Lottery Corporation.

### 3. NET PROFITS — WINTARIO, LOTTARIO AND INSTANT

Pursuant to section 9 of the Ontario Lottery Corporation Act, the net profits of the Corporation after provision for prizes and the payment of expenses and operations, are payable into the Consolidated Revenue Fund of the Province.

### 4. NET PROCEEDS — PROVINCIAL, SUPER LOTO AND LOTTO 6/49

Pursuant to Order in Council 226/83, all moneys attributed to or accruing to Ontario

from the Provincial, Super Loto and Lotto 6/49 after providing for prizes and the payment of operating expenses, are payable into the Consolidated Revenue Fund of the Province of Ontario to be held in trust.

### 5. PAYMENT TO GOVERNMENT OF CANADA

An agreement was made between the Government of Canada and the Province of Ontario in August 1979 which stipulated that the Government of Canada would withdraw from the sale of lottery tickets effective December 31, 1979. Effective January 1, 1980 the agreement required the provinces to remit quarterly to the Government of Canada the sum of \$6 million, appropriately adjusted to reflect the effects of inflation. The provinces agreed to share this cost based on a formula which took into account each province's population and proportionate ticket sales.

Effective April 1, 1983 this formula was amended by the provinces and is based on a formula which takes into account population and disposable income.

Ontario's 1983-84 share of the payment was \$12,406,000 (1982-83 \$8,677,000) and was remitted to the Government of Canada through the Interprovincial Lottery Corporation.

### 6. NEW GAME

On March 5, 1984 the Corporation introduced its first instant game called "Shoot to Score". Under this game most prizes are won instantly rather than being dependent on a draw.

### 7. COMMITMENTS

The Corporation has entered into an agreement to purchase, over a period of three years 3,000 lottery terminals valued at approximately \$25 million.

### 8. INCOME TAXES

As a Crown corporation of the Province of Ontario, the Corporation is exempt from income taxes and accordingly no provision is required.

### 9. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with 1984 presentation.





Office of the  
Provincial  
Auditor.

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To the Board of Directors of the Ontario Lottery Corporation and to the Minister of Tourism and Recreation.

I have examined the balance sheet of the Ontario Lottery Corporation as at March 31, 1984 and the statements of operations and net profit/proceeds due to the Treasurer of Ontario for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

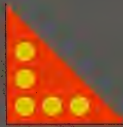
In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1984 and the results of its operations for the year then ended in accordance with the accounting policy described in Note 1a to the financial statements, applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Corporation and to the Minister.

A handwritten signature in cursive script, reading "D.F. Archer".

D.F. Archer, F.C.A.,  
Provincial Auditor.

Toronto, Ontario,  
August 3, 1984



**Ontario Lottery Corporation**

2 Bloor Street West  
Toronto, Ontario  
M4W 3H8

(416) 961-6262

**Winning Numbers**

Wintario (416) 870-9170

Lottario (416) 870-9122

Instant (416) 870-9124

Provincial (416) 870-9161

Super Loto (416) 870-9135

Lotto 6/49 (416) 870-9134



Ministry of  
Tourism and  
Recreation  
Ontario

Hon. Reuben C. Baetz  
Minister  
T. H. Gibson  
Deputy Minister



CA20N  
CR200  
- A56

ANNUAL REPORT 1984-1985








September 30, 1985

The Honourable John Eakins  
Minister of Tourism and Recreation  
77 Bloor Street West  
Toronto, Ontario  
M7A 2R9

Dear Mr. Eakins:

Pursuant to the provisions of the  
Ontario Lottery Corporation Act,  
I have the pleasure of presenting to  
you the 10th annual report of the  
Ontario Lottery Corporation for the  
year ending March 31, 1985.

Yours very truly,



Donald J. MacLean  
Chairman of the Board

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Donald J. MacLean, left,  
and D. Norman Morris.

## CHAIRMAN/PRESIDENT'S REPORT

When an organization celebrates a milestone such as a 10th anniversary, it is customary to pause, look back and assess its progress before moving on to the future.

With this in mind, the Ontario Lottery Corporation has prepared its 10th annual report to its shareholders, the people of Ontario.

Since 1975, when lottery proceeds were first harnessed for all Ontario's benefit, the Corporation has experienced strong support. Indeed, no clearer evidence of public enthusiasm for lotteries may be found than in the \$1.3 billion in proceeds raised since then for thousands of public projects not normally eligible for government funding.

During the Corporation's first decade, a variety of game designs were introduced to meet player demand. As more people enjoyed the fun and low-cost entertainment of Ontario's games, lottery proceeds grew. These increased revenues allowed the government of Ontario to broaden the scope of lottery beneficiaries according to changing needs and wishes of Ontario residents.

Sports, fitness, cultural and recreational projects were the first to receive lottery funding. Next, health and environmental health-related research and social service enterprises were added. Hospital capital projects were targeted for multi-million dollar lottery assistance. And with the creation of the Trillium Foundation in 1982, province-wide charitable organizations began to share in the financial benefits of lotteries.

Today, thousands of lottery-funded projects, large and small, in every corner of the province, bear witness to the impact lotteries have had on our communities.

No one could have predicted the widespread benefits, nor the ripple effect, individual grants have had on the economy. Wintario alone can be credited with a \$3 billion impact on the construction industry plus 30,000 jobs. And Ontario's small business community profited, too, from the \$347.5 million earned by distributors and retailers in ticket commissions since 1975.

The financial contribution of the Ontario Lottery Corporation has been significant. For example, in its first year of operation, the Corporation recorded sales of \$97.1 million, proceeds of \$43.3 million and returned \$36.1 million in prizes. It operated one game: Wintario.

In the fiscal year ended March 31, 1985, the Corporation registered a record-breaking \$812.0 million in sales generating net profit/proceeds of \$249.6 million. \$415.5 million was returned as prizes. Over the past decade, Wintario has been joined by five other games: Provincial, Lottario, Super Loto, Lotto 6/49 and Instant.

Much of the Corporation's success is derived from its continuing communication with players. The result of this dialogue can be seen in fresh and entertaining lottery products.

One such product is the Instant game. In fiscal 1984/85, the first full operating year of Ontario's scratch-off game, \$92 million in sales were posted in a demonstration of player support. Incorporating a variety of different themes every year, the Instant game introduced the live, televised Million Dollar Sweeps event to Canada.

During this fiscal year, Lotto 6/49 recorded sales of \$252 million, a



jump of \$93 million from the year before. It showed the strongest growth of any game in the Corporation's product line.

Game administration expenses actually decreased slightly as a percentage of gross sales. However, a larger payment to the federal government and increased capital costs from the purchase of new equipment and the expansion of computer facilities, including the on-line game terminal network, resulted in higher overall operating costs.

It is fitting that 1985 also sealed a new federal-provincial accord on lottery jurisdiction, guaranteeing lotteries will be administered solely by the provinces. In return, the provinces will continue federal payments under the existing 1979 agreement amounting to an inflation-indexed \$34 million annually and pay an additional \$100 million to the federal government over the next three years.

This new accord has put an end to previous disagreement which threatened to fragment the lottery market. It also ensures lotteries will continue the financial contribution Canadians have come to expect.

Behind the on-going growth of Ontario's lotteries is the Corporation's board of directors and 221 staff. Appreciation must be expressed once again to these men and women who ensure the games are operated efficiently, are fair to all and continue to be entertaining.

We also wish to pay tribute to the late Mr. Fern Guindon, a director of the Corporation since its beginning, who died August 21, 1985. Mr. Guindon, who was most recently vice-chairman, brought a great deal of sensitivity and expertise to the policy-making process.

With 10 years of operation now complete, we believe the Ontario Lottery Corporation has earned its place in our province's business community. As we look forward to another "Ten Winning Years", we would like to thank the people of Ontario for making the Ontario Lottery Corporation something of which we can all be proud.

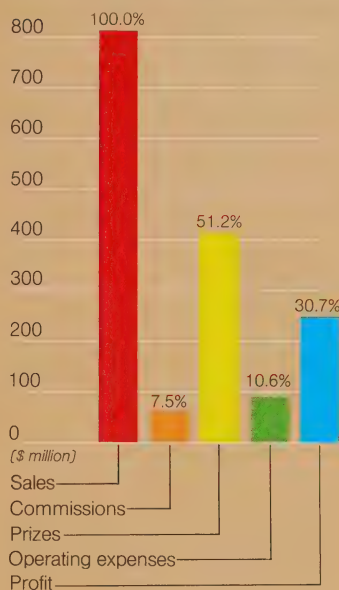


Donald J. MacLean  
Chairman of the Board



D. Norman Morris  
President

## REPORT HIGHLIGHTS



## TEN YEAR REVIEW (\$ million)

	1975/76	76/77	77/78	78/79	79/80	80/81	81/82	82/83	83/84	84/85
Sales	97.1	218.8	240.4	235.1	323.8	490.3	506.9	550.1	661.8	812.0
Commissions	12.5	22.4	24.2	22.5	28.3	41.2	41.4	44.1	50.3	60.6
Prizes	36.1	95.5	108.3	123.9	182.7	270.3	271.9	294.4	341.0	415.5
Total Operating Expenses	6.0	10.1	11.4	14.5	22.2	36.7	45.0	54.4	58.4	91.7
Interest	.8	2.0	1.9	2.5	4.3	6.7	8.9	6.4	4.6	5.5
Net Profit/Proceeds	43.3	92.8	98.4	62.6*	92.8*	148.8	157.5	163.5	216.7	249.6
Number of Games	1	2	2	3	3	4	4	5	6	6

\*After Extraordinary Expenses

## BOARD OF DIRECTORS

The nine-member board of directors is an integral part of the Ontario Lottery Corporation, responsible for establishing policy. The board's success in translating the wishes of Ontarians into corporate direction can be measured by the organization's strong financial performance and enthusiastic public support.



Seated, left to right: C. Ronald S. MacKenzie, Albert Hansen, Donald J. MacLean, Mollie Callaghan.  
Standing, left to right: C. Gordon Ross, D. Norman Morris, Marvin L. Shore, Fern Guindon.  
Absent: Monique Jacques.

**DONALD J. MACLEAN, chairman** — Willowdale (Feb. 17, 1976–Feb. 16, 1986). Appointed chairman in April 1984, Mr. MacLean has also served on the board of the Interprovincial Lottery Corporation for four years. A chartered life underwriter, he is chairman of the board of regents of Mount Allison University.

**FERN GUINDON, vice-chairman** — Cornwall (Feb. 17, 1975–August 23, 1985 — deceased). A director since the Corporation's creation, Mr. Guindon was appointed vice-chairman in April 1984. During his career in the Ontario Legislature as member for Stormont from 1957–1974, he held a variety of cabinet portfolios.

**MOLLIE CALLAGHAN, director** — Toronto (Feb. 17, 1981–Feb. 16, 1987). Mrs. Callaghan's journalistic background complements the extensive talents of the board. She contributes to several specialized publications.

**ALBERT HANSEN, director** — Ottawa (Oct. 29, 1981–Feb. 16, 1987). Mr. Hansen's experience as a financial executive in the automotive industry is a valuable asset to both the Ontario and Interprovincial lottery corporations.

**MONIQUE JACQUES, director** — Kapuskasing (Feb. 17, 1981–Feb. 16, 1987). Mrs. Jacques is vice-chairman of the Kapuskasing Separate School Board. She has also been active with the Canadian Cancer Society in its education department.

**C. RONALD S. MACKENZIE, MD, director** — St. Catharines (Feb. 7, 1981–Feb. 16, 1987). Dr. MacKenzie is the gynaecology chief at Hotel Dieu Hospital in St. Catharines. He is also a former director of the Ontario Arts Council.

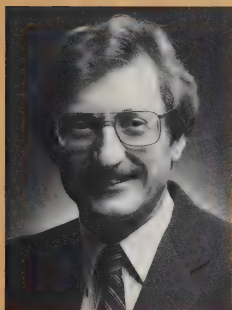
**D. NORMAN MORRIS, CA, president** — Mississauga. Mr. Morris is the chief executive officer of the Corporation. He is also a director of the Interprovincial Lottery Corporation and served as its president for 1984/85.

**C. GORDON ROSS, BD, director** — Scarborough (Feb. 17, 1981–Feb. 16, 1986). After a law career, Mr. Ross was ordained a United Church minister in 1967. He is pastor of the Knob Hill United Church.

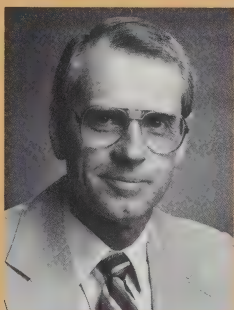
**MARVIN L. SHORE, CA, director** — London (Jan. 31, 1985–Feb. 16, 1988). Mr. Shore has served as the member of provincial legislature for the riding of London North. A former chairman of the board of education for London, he is at present a practising partner in a London accounting firm.

## SENIOR STAFF

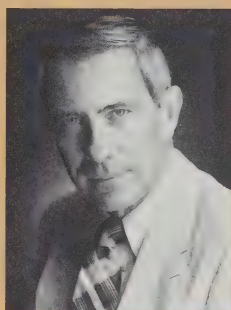
The senior staff of the Ontario Lottery Corporation is responsible for the day-to-day business activities. Veterans in a young industry, this group carefully plans and carries out each step the Corporation takes.



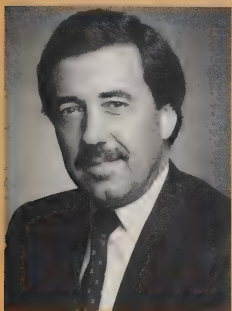
Adam J. Hawkins,  
executive vice-president



Douglas R. Mackie,  
vice-president,  
Marketing



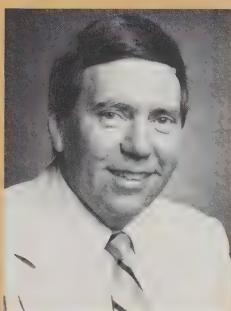
J. Michael Holroyde,  
vice-president,  
Sales and Distribution



John MacNabb,  
vice-president,  
Computer Services



Kathy Petrik,  
vice-president,  
Corporate Communications



John Van Camp,  
controller



## THE INTERVIEW

The Ontario Lottery Corporation fields over 100,000 inquiries every year from lottery players. *Donald J. MacLean*, chairman and *D. Norman Morris*, president respond to some questions posed in the 10th anniversary year.

*How have lotteries contributed to Ontario since they began in 1975?*

**MacLean:** The most visible contribution is the millions of dollars lotteries have generated for worthwhile projects. In 10 years, over \$1.3 billion have been turned over to the government for sports, fitness, cultural, recreational, hospital capital and social service projects and health and environmental health-related studies.

**Morris:** It's even more significant when you consider that before Ontario operated its own lotteries, a great deal of money was leaving the province and benefiting other lottery jurisdictions. By keeping these dollars at work in Ontario, there have been many spin-off benefits to the economy, particularly in the construction and small business sectors.

*Now Ontarians have experienced their own lotteries for a decade; can you describe the kind of feedback the Corporation receives?*

**MacLean:** Right from the beginning, lotteries have always enjoyed enthusiastic support. Our research shows that 85.3 percent of Ontario households have bought a ticket at one time or another.

**Morris:** From the thousands of inquiries and suggestions the Corporation

receives every year, there is no doubt in my mind Ontarians' enjoy the low-cost entertainment value of lotteries. And players tell us they appreciate the added benefit that lottery proceeds are helping improve the quality of life for everyone.

*How have Ontario's lotteries changed over 10 years?*

**Morris:** We've grown from one game operated every two weeks (Wintario) to six games (Wintario, Provincial, Super Loto, Lottario, Instant, Lotto 6/49), each appealing to a different consumer group. Like any other marketing operation, we've worked hard to keep our products fresh and exciting by devising special features including multi-week bonus draws and automobile prizes.

**MacLean:** There's also a natural evolutionary process in the lottery product. As players become familiar with lotteries, they move toward games with more play value. That's the reason for the strong growth of lotto games, like Lottario and Lotto 6/49, and Instant lotteries.

*Who plays Ontario's lotteries?*

**MacLean:** Lotteries are supported by a large player base. With more than eight out of 10 Ontario households playing at some time and nearly six out of 10 playing regularly, our players must come from every socio-economic group. **Morris:** People do not spend a large amount of money on lotteries. Instead, lottery revenues come from a large base of consumers, each spending a small amount.

*Sales of lottery tickets have continually increased. What are the predictions for the future?*

**Morris:** It seems to us the lottery market-place is reaching maturity. **MacLean:** We think realistically the Corporation will not experience any of the dramatic sales increases of a few years ago. We are confident, however, with continued consumer support, lotteries will maintain a healthy sales performance.

## Ontario draws top says lottery boss

By ALVCE DURHAM  
— Staff Writer

The Ontario Lottery Corporation is considered top in the field. It is the best paid and the most successful in the industry. "And that is because, the home of the 'big money' lottery," says the president of the Ontario Lottery Corporation, Donald J. MacLean.

MacLean says the Ontario Lottery Corporation is the best paid and the most successful in the industry. "And that is because, the home of the 'big money' lottery," says the president of the Ontario Lottery Corporation, Donald J. MacLean.

## Lotteries have proved a benefit

TORONTO (CP) — It has been 10 years since the Ontario Lottery Corporation was created. In that time, it has proved a benefit to the province. "Lotteries have proved a benefit to the province," says the president of the Ontario Lottery Corporation, Donald J. MacLean.

MacLean says the Ontario Lottery Corporation is the best paid and the most successful in the industry. "And that is because, the home of the 'big money' lottery," says the president of the Ontario Lottery Corporation, Donald J. MacLean.

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*Some critics say there is a danger that lotteries lead to compulsive gambling. Is this true?*

**MacLean:** Current studies and experts in the field say there is no evidence to suggest such a link. However, since pathological gambling has only been recognized as a disease since 1980, a great deal of research is still required.

**Morris:** Noted authority, Dr. Robert Custer of the Department of Veterans Affairs in Washington, has, in fact, stated lotteries offer neither the immediate thrill nor the element of skill attractive to compulsive gamblers.

*Is it necessary for lotteries to offer such large jackpots?*

**MacLean:** Lotto games, like Lottario and Lotto 6/49, are designed with jackpot features that grow if not won. Players find it attractive. However, we are sensitive to the fact that some people, including major prize winners themselves, believe some prizes are too high.

**Morris:** Two years ago, Lotto 6/49 had a \$14 million Jackpot. Shortly after that, the Interprovincial Lottery Corporation, which administers the game, introduced a slow-growth feature to divert the majority of jackpot money over \$7 million to the second prize pool.

However, as we found out last January, when you're dealing with chance, there are no guarantees. During that month, the Jackpot defied the odds and built to \$11.3 million.

*What happens to winners once they've won a big prize?*

**MacLean:** From information we've gathered from big winners over the past years, we've found their lifestyles, by and large, remain the way they want them to.

**Morris:** I think there are many misconceptions about winners, particularly, that they are harassed. The real-life experience of winners is very different. Only 2.4 percent have experienced solicitations they would describe as "a problem" and 90.2 per cent of them keep their jobs.

*How do lottery winners spend their prizes?*

**Morris:** In general, winners are very sensible. Most invest their money in traditional ways. And we find most major

winners have already sought expert advice and planned what they are going to do with their winnings — at least in the short term — before they collect their cheque.

*As the needs of society change, do you foresee grants being allocated to different areas?*

**MacLean:** The Ontario Lottery Corporation doesn't deal with grant allocations, but we've been told the grant programs are constantly under review. This allows for changes to benefit areas of society that might need more financial assistance than they were previously getting.

**Morris:** For example, starting in 1982, up to \$15 million in lottery funds is allocated annually to the Trillium Foundation for various province-wide charities.



Donald J. MacLean



D. Norman Morris

## GAMES

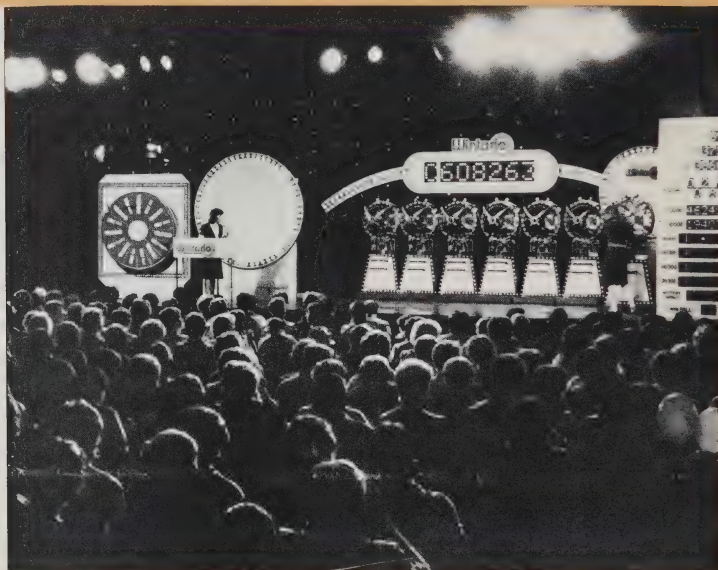
Over 10 years, Ontario's lotteries have evolved to meet changing player demands. The most recent fiscal year has continued this trend with the introduction of new concepts in bonus draws and game designs.

Fiscal 1984/85 represented the first full year of operation for the Instant game, which recorded total sales of \$92.0 million. Shoot to Score, the first version, recorded sales of \$22.8 million before ending in August 1984. It was followed by Match 3 Sweeps which introduced a new feature to Canadian lotteries: a sweepstakes. During its three months of operation, 41 players qualified for the sweepstakes final. On January 30, during a live, televised broadcast, prizes of \$25,000, \$50,000, \$100,000 as well as the grand prize of \$1 million were given away.

Wintario, with sales of \$162.1 million, celebrated its 10th year of operation. Its grand prize doubled to \$200,000, and the two-digit Win'fall number draw was brought back by popular demand. Bonus draws during the year, in the form of instant prizes of cash and automobiles, returned over \$6 million in unclaimed prize money to players.

Cars were also popular with Super Loto players. Bonus draws in January and February offered 1,000 Canadian-produced automobiles. In May

Over the past 10 years, the Wintario draw show has logged over 380,000 miles in its visits to communities and towns across Ontario. The show has played to sold-out houses in every county in the province, providing Wintario players with a chance to see their lottery first-hand. Local community groups, hosting the show, use it as a fundraiser, with proceeds from admissions going to help projects in the area. As well, pre-show entertainment provides a chance for local talent to perform.



### DATELINE NORWICH

The Norwich Community Centre came alive with lights, cameras and action Thursday as Paye Dance and the Global Television crew rolled into town to give away some of that provincial government dough on the weekly *Wintario* ex-

travaganza. Sponsored by the Norwich-Otterville Lion's Club, the show had sold over 1,000 tickets prior to airtime.

(Staff photo by Ted Rhodes)



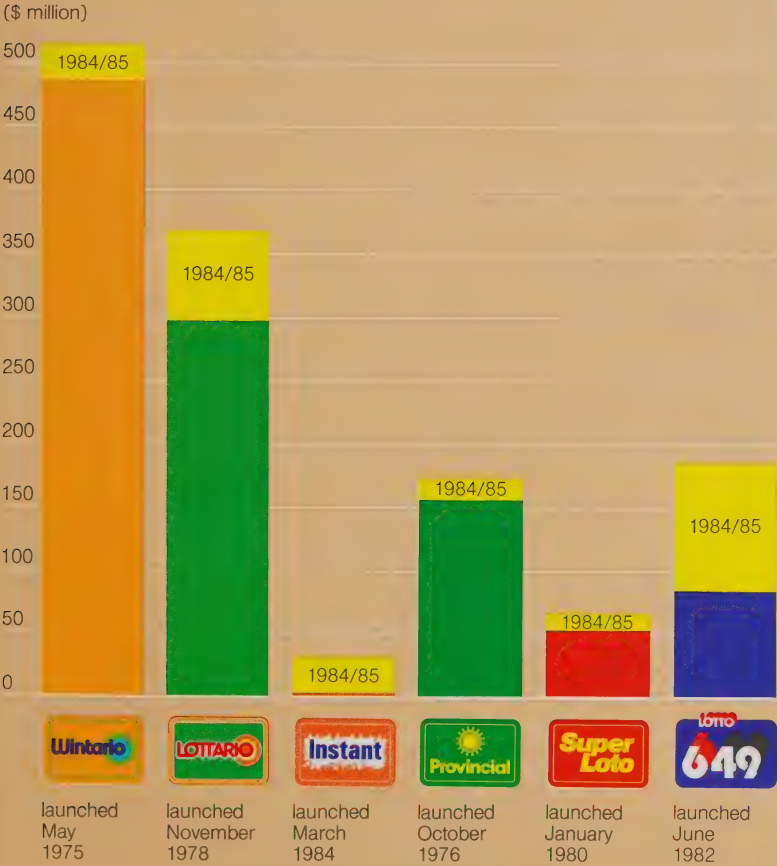
and August, players had a chance at cash bonus prizes of \$10,000. In total, \$20 million were up for grabs in bonus draws. And the regular four \$1 million and five \$100,000 prizes continued to be offered in the monthly draws, which generated \$48.1 million in Ontario sales.

History was repeated in January as the Lotto 6/49 Jackpot once again rose above the \$10 million mark. The \$11.3 million Jackpot was claimed by a Toronto couple. Other large jackpots of \$5 million and \$7 million were also won. Ontario sales for this popular game reached \$251.6 million.

Lottario, which generated sales of \$210.1 million in the 1984/85 fiscal year, had a record Jackpot of its own when the first prize reached \$2.6 million in February. Players also had an opportunity to share in \$3 million in bonus prizes during draws held in May and June 1984 and March 1985.

A total of \$10 million in prizes of \$131,313.13, \$55,555 and \$25,000 were offered during Provincial bonus draws. The Friday draws also make regular prizes of \$500,000 available each week. Total Ontario sales for the year were \$48.0 million.

The chart below shows total profit generated by each game since its inception, highlighting profit accrued during the 1984/85 fiscal year.



Wintario hosts Faye Dance and Greg Beresford discuss the show with Ontario Lottery Corporation Draws and Television Production manager, Karen Ogden (left).



Bill Lawrence hosts the Lottario draw every Saturday night over the Global Television Network.

## STAFF

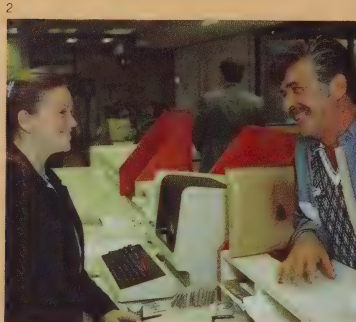
Behind the scenes of the Ontario Lottery Corporation are 221 men and women. While their jobs may be varied, the goal of making Ontario's lotteries efficient, fair and entertaining is shared by all.

Five divisions compose the Corporation, each having responsibility for an important aspect of the lottery business.

The *Operations Division* is responsible for the smooth functioning of the organization. This division encompasses an extensive *Finance* department, which also pays out prizes through the *Prize Office*. The *Administration* and *Personnel* departments provide essential centralized services to all corporate operations. In addition, weekly televised *Wintario* and *Lottario* draws are organized and supervised by the *Draws and Television Production* department.

New games originate, and existing games are monitored, in the *Marketing Division*. With help from extensive consumer research, both *Passive Game* and *On-line Game* product managers work constantly on fine-tuning products to keep them entertaining for players. All advertising support for lottery games has its genesis here too. The prime method of communication with players, advertising is governed by a policy that avoids encouragement of unrealistic expectations or excessive spending.

The *Sales and Distribution Division* makes sure enough lottery tickets are available to players throughout the province. Working through a network





of 47 independent distributors, the *Distribution* department monitors daily sales and provides advice and expertise for the 14,000 ticket sellers serving Ontario players. The *On-line Sales* department is responsible for serving and training the 2,700 retailers who also act as agents, operating the computer terminals necessary for Lottario and Lotto 6/49 games.

The expanding role of the *Computer Services Division* has occurred because of the technically-sophisticated nature of the lottery industry. The *Operations*, *Systems Development* and *EDP Research and Development* departments deal with day-to-day functioning of the two on-line games as well as administrative needs such as general ledger accounting, sales analysis, prize redemptions, communications monitoring and future software and hardware requirements.

The newest division — *Corporate Communications* — is the information arm of the Corporation. Close to 100,000 consumer mail or telephone inquiries are answered every year by the *Public Relations* department. Liaison

with news media and production of most consumer literature are also handled here. A travelling information display, summer parade float and speakers' bureau program are operated by the *Community Events* section.

Reporting directly to the board of directors is the *Internal Audit* department which ensures all internal systems are operated in accordance with established procedures.

Staff page 10: 1. Sonia Mickevicius and Ken Brinston, Marketing.

2. Lorraine Friedman, Prize Office and winner. 3. Bob Weeks, Shirley White and Cecilia Fung, Corporate Communications.

4. Debbie Azan, Administration.

5. Darina Phillips (left) and Kim Moritsugu, Prize Office.

6. Mihai Georgescu, Computer Services.

Staff page 11: 1. Jock Fairclough (left) and Roy Mandeville, Draws and Television Production.

2. Carol Raymond-Jaisareesingh and Charles Hopper, Computer Services. 3. Sultan Ladak (left), John Potochny and Adriana Verbaan, Accounting. 4. Joan Crocker, George Sweny (standing) and Vince Kahnert, Sales and Distribution.

5. Lily Shaw, Computer Services.

6. From left: Ed Holton, Sandra Roach, Gillian Rosenbaum and Deborah Breckels, Corporate Communications.





## DISTRIBUTORS

In an area as vast as Ontario, delivering tickets to outlets across the province is no easy task. But the 47-member distribution team makes sure the 14,000 retail accounts run efficiently.

When the Ontario Lottery Corporation was set up in 1975, one of its first challenges was how to deliver tickets to the retail network given the geographic realities of the province.

The Corporation decided to use the entrepreneurial spirit of independent business men and women to develop a distribution system that would reward according to effort. The result is a 47-member distribution team unique to the lottery business.

As independent business operators appointed by the board of directors, these distributors must fulfill the Corporation's stringent business and financial standards. Their operations are constantly monitored to ensure continuing top performance.

Recognizing the uniqueness of their business, distributors have developed a camaraderie that encourages them to share successes and ideas. They come from varied business backgrounds and pool their experience. A distributor council meets monthly with the Corporation's Sales and Distribution division. Often it acts as an invaluable early warning system, alerting the Corporation to potential areas of concern.

The distribution system provides mutual benefit for both parties. Working on a graduated commission basis, distributors' incomes depend on the number of tickets they sell. This provides great incentive for hard work and lean operations. By paying the distributor, the Corporation gets maximum benefit for its dollar and reduced overhead.

With fresh ideas and independent thought, the distribution team has been an integral part of the Ontario Lottery Corporation.

## Business

### Lottery man big winner

Mississauga businessman David Field was recently presented with an Ontario Lottery Corporation sales achievement award for distributing lottery tickets in the area.

In announcing the award, president D. Norman Morris himself, explained the award to acknowledge exceptional initiatives by outstanding individuals in the sales network.

The Ontario Lottery Corporation's network of 47 distributor products province-wide, business operators, these responsible for servicing retail outlets who sell tickets also service over 1,900 outlets throughout the province.

The corporation operates in the province of Ontario: V, Instant, Provincial, Super 6/49.

Since its inception in 1975 has generated more than \$1 billion in public projects in the fitness, culture, recreation, environmentally-related health research and province-wide social service agencies.

### Local lottery distributor wins achievement award

RAY BOWES, a local distributor of Wintario and Provincial lottery tickets, recently received a sales achievement award from the Ontario Lottery Corporation.

In announcing the award, corporation president D. Norman Morris explained that it is "designed to acknowledge exceptional

efforts and initiatives by outstanding individuals of our sales network."

The corporation uses a network of 47 distributors to distribute its tickets province-wide. As independent business operators, these distributors are responsible for servicing over 16,000 retail outlets who sell tickets to the public.

They also service over 1,900 on-line agents throughout the province.

The Ontario Lottery Corporation operates six lotteries in the province of Ontario: Wintario, Lottario, Instant, Provincial, Super Loto and Loto 6-49.

## RETAILERS

A 14,000-member network of retailers, reaching every corner of the province, provides players with their lottery tickets every week.

The convenience store, the barber shop, the tobacconist and the flower shop. What do all these stores have in common? Across the province, retailers just like these sell Ontario Lottery Corporation products. In over 14,000 outlets from Windsor to Wawa, lottery tickets are found on the counters of almost every kind of store.

For many retailers, lottery tickets represent a large portion of their revenue. In 10 years of operation, commissions to retailers have totalled \$257 million. As well, a new retail business has been born — one that sells nothing but lottery tickets.

In keeping with the high visual profile of retailers, the Corporation introduced a retailer identification program for customer convenience. This program has helped remove some of the clutter and provided a consistent image in the market-place. Most important, however, is the aid it has provided to customers in spotting a lottery outlet.

Among the 14,000 retail accounts, approximately 2,700 are equipped with on-line terminals for Lottario and Lotto 6/49 sales. Last year, the Corporation began installing its third generation of terminals with some added features. One of these is "Quick Pick", a process which allows the terminal to select six numbers at random for players.



Bill Johnson has had a computer terminal installed in his drug store on Front St. in Hastings. The machine will allow locals to buy lottery tickets in the village. He has

decided to donate all the profits from the sale of tickets to two charities: half will go to the Campbellford Memorial Hospital building fund which is trying to raise

about \$500,000. The other half will be used for the purchase of a \$1.5 million Cui Shan machine for Peterborough Civic Hospital.

## The unsung Gretzkys in other lines

We all know Wayne Gretzky is the top, the pinnacle in his chosen profession, hockey, but there are others, not so well-known perhaps but just as outstanding in their fields.

With that in mind, the Sunday People section decided to find some of them, interviewing their peers and producing a select list of the creme de la creme that ranges from medicine to movie managers. Meet some of Metro's Wayne Gretzkys of their professions.

### Two

**Public Relations:** Star's newsmen have to win directors and large companies for the top 44 media spoke Post's southern Ontario, and Bro years the mairs for Air C

Both were i

**Lottery Salesman:** So Il Kim, who runs Frank's Smoke Shop out in Scarborough, sells more lottery tickets than anyone else in Metro, according to the Ontario Lottery Corp. And Kim, who estimates his weekly total is "in the thousands," says Lottario is still the most popular game with Wintario a close second. The 6/49 got a run last week with the \$14 million prize, but "week in and week out, it's the Lottario."

Kim, 42, says he has a bunch of regular customers and credits his huge sale to his Lawrence-Warden neighborhood. "Most of the people here are senior citizens and they're steady buyers."



## WINNERS

Winners are what lotteries are all about. Whether big prizes or small, millions of Ontario lottery players have enjoyed the fun of winning prizes in their favorite games.

This year the Ontario Lottery Corporation returned over \$415 million in prizes, ranging from a free ticket up to \$11.3 million, bringing the 10-year total to over \$2.1 billion or 133.6 million prizes.

Since 1975, many winners have held special plans for their money or had unusual circumstances surrounding their win. Glen Griffen established a place for himself in Corporation history by being the first person ever to claim a prize. At 8:30 a.m. on May 16, 1975, the day after the first Wintario draw, the Mississauga resident walked into the Prize Office and picked up a cheque for \$100.

Another \$100 winner was John Manarey of Toronto. However John collected more than a \$100 cheque when he visited the Prize Office in April 1977. He became the one millionth person to claim a Wintario prize and was awarded a one-week holiday anywhere in the world CP Air flies. The prize allowed him to fulfill a dream to visit Australia.

Michael Sportun, of Etobicoke, was sitting at home watching the Wintario draw on television February 1, 1979, when his son, Bob, 300 miles away in Huntsville, was chosen from the audience to push the button to select a winning number. Bob certainly didn't let his father down, as the number that came up won Michael \$10,000.



PAUL REID/TORONTO STAR

That's the one! Orley and Margaret Cadotte hold up the \$2,530,656.40 cheque they got yesterday at the Bloor St. W. lottery office for hitting the jackpot in the May 5 Loto 6/49 draw.

## Retired couple wins prize of \$2.5 million

By Rosie DiManno Toronto Star

Margaret Cadotte says she has always been strong. In her 11 children. But she thinks she might never at a lot more than she is. You can see her.

Mrs. Cadotte, 66, and her husband, Orley, 77, found out Monday night that they had hit the jackpot of the May 5 Loto 6/49 draw.

The \$2.5 million prize was shared with a 19-year-old couple who won another winning Monday.

The Cadottes, who live in Palm Court near Chatham, also have 21 grandchildren — and they suspect that other friends and relatives are also coming out of the woodwork.

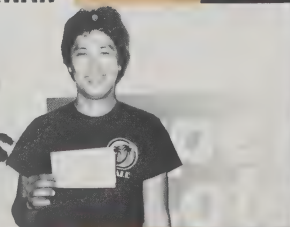
"I was a bit surprised," she said. "I didn't think I was a lot more than I am."

Her husband, who was celebrating their 46th wedding anniversary, says they will use some of the money to buy a house in which they can live out their lives.

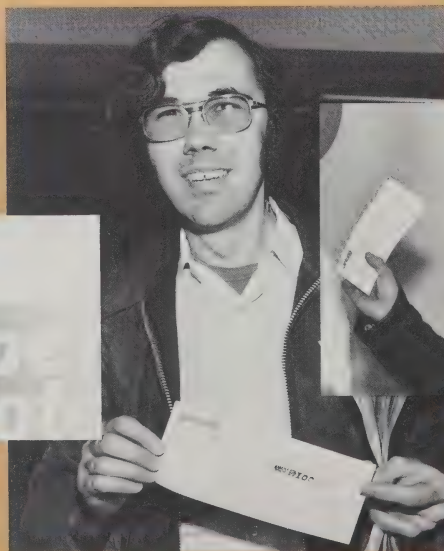
"They're great, but they're not the kind of people who would win a lot of money," she said. "We're not the kind of people who would win a lot of money."

She said she and her husband were not particularly fond of travelling, and they already own their own home.

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1



2



3



Toronto resident Antonio Gallardo was also a very special winner. In July 1982, his Super Loto bonus number came up twice in the same draw. By beating incredible odds, he won two Oldsmobile Cutlass Supremes.

Gus Gianicos of Toronto also knows about winning twice. On October 22, 1984, he was the instant winner of \$10,000 in Match 3 Sweeps. On December 24, he bought another Instant ticket at the same store and won a second \$10,000 prize.

A large television audience shared in Kiriakos Tzaras' win. The Willowdale resident became an instant millionaire during the Corporation's first Million Dollar Sweeps show in January 1985.

Helping to feed the hungry was the answer Antonia Paolucci gave when asked what she would do with her winnings. With her husband Mario, Mrs. Paolucci won \$11.3 million in January 1985, the second largest Lotto 6/49 prize ever.

Probably the best known lottery winners, Brantford's Stuart and Lillian Kelly, also gave a great deal of their winnings to charity. From the \$13.9 million they won in Lotto 6/49 in January 1984, they set up a charitable foundation to distribute funds to worthy causes.

Over the last year, a number of record jackpots have been won by players across the province. After the excitement of the large Lotto 6/49 Jackpot this January, Lottario experienced its own record Jackpot in February. A group of 21 men from Hamilton who had been pooling their tickets for three weeks claimed the \$2.6 million prize.

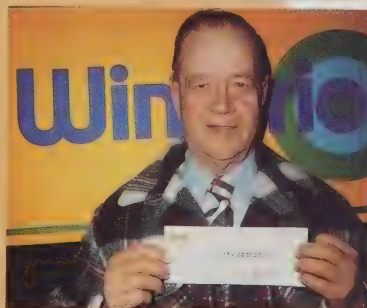
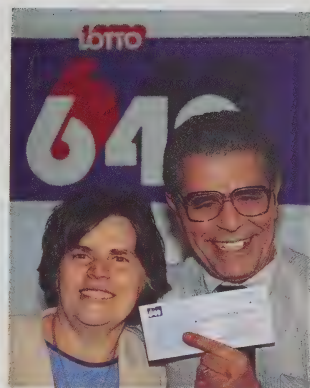
Ken and Violet Brock were certainly glad Wintario doubled its grand prize to \$200,000. They became the first winners of the new grand prize when their ticket number matched the winning number drawn April 12, 1984.

Ontario's lottery winners are very sensible when it comes to using their prizes. A survey of over 1,000 winners of \$10,000 and more provided very reassuring figures. 90.2 percent returned to work following their win. 80.2 percent banked or invested their prize, 44.2 percent shared winnings with family and charities, 27.4 percent paid off their mortgage or purchased a new home, 28.4 percent bought a new vehicle and 24.6 percent travelled.

Another myth destroyed by the survey was that winners are harassed for donations. Only 2.4 percent reported problems with solicitations. And 91.2 percent of the winners surveyed said they were treated fairly by the news media.

Winners page 14: 1. Antonio Gallardo, Toronto — double Super Loto bonus winner. 2. John Manarey, Toronto — one millionth Wintario winner. 3. Glen Griffen, Mississauga — first Wintario winner.

Winners page 15: 1. Antonia and Mario Paolucci, Toronto — \$11,265,338.00, Lotto 6/49. 2. Jean Johnson, Don Mills — \$10,000, Match 3 Sweeps. 3. Balwant Singh Gill, Toronto — \$50,000, Provincial. 4. Alexander and Anne Aitcheson, Port Hope — \$39,809.30, Lottario. 5. Arnold Haapala, Sudbury — \$200,000, Wintario. 6. Leno and Reta Pella, Hamilton — \$55,555, Provincial bonus.



## GRANTS

Grants photos facing page: 1. Clairmont Adult Summer Camp for the Handicapped. The March of Dimes uses funds from the Trillium Foundation for services to physically disabled adults. 2. Health and environmental-health research continues thanks to lottery dollars. 3. Hospitals across Ontario have used lottery dollars for building new facilities and renovating old ones. 4. Roy Thomson Hall. A capital grant from lottery funds assisted in the construction of this music centre. 5. Sports grants have assisted with equipment purchase, coaching seminars and transportation.

hen the Ontario Legislature created the Ontario Lottery Corporation 10 years ago, it was unanimously agreed lottery profits should go to projects not normally qualifying for government assistance. Today, lotteries continue to fulfil that mandate beyond all expectations. With the record \$250 million generated in the fiscal year 1984/85, proceeds reached a 10-year total of \$1.3 billion.

Throughout Ontario, there is visible evidence of lottery dollars being put to work in important ways through grants distributed by a variety of government ministries. Sports, fitness, cultural and recreational projects have enriched community life. Equally significant is the lottery funding which helps health and environmental health-related research, hospitals and charities.

Large capital grants, such as those to the Sudbury Science Centre and London's John P. Roberts Research Institute, which will study heart disease, aging of the brain and some immune disorders which cause juvenile diabetes and affect organ transplants, are perhaps the most obvious recipients of lottery monies. But thousands of smaller grants have impacted Ontario's quality of life.

Arenas, community centres and playing fields have been built with the aid of Ontario's lotteries. But lottery grants reach further than just the building of facilities. An important part of the Wintario grants program has been providing assistance for transportation costs for athletes, the hiring of qualified coaches and seminars for amateur sports administration.

In addition to sports, fitness and recreation, funds from the three provincial games, Wintario, Lottario and Instant, are used for cultural grants. Libraries have been a major recipient in this field. Talking and large-print books used to assist those with vision handicaps have been purchased by many communities. As well, lottery funds have been used to acquire Canadian books and art and to assist various arts organizations.

The interprovincial games, Provincial, Super Loto and Lotto 6/49, have provided funding for health and environmental health research. Studies into acid rain, air and water quality and hazardous liquid spills have been financed. This

## Wintario Half Back program for performing arts returns

Once again thousands of Ontario children will experience a live theatre performance thanks to the return of the successful Wintario Half Back program for the performing arts for schools.

Susan Fish, Minister of Education and Culture, announced the news recently at a luncheon celebrating the Wintario Challenge Fund participant the Sutton Place hotel in Toronto.

Introducing children to vast and wonderful worlds, artists, creatives and experts as important to their growth and development as their education to the marvels of science and computers.

The program is an annual endeavour, in which the Half Back program that involved more than a million children last year.

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## Lottery profits support hospital expansions

TORONTO (CP) — Although Ontario government cutbacks have left less money available for hospital expansion, three new hospitals and two replacements for old ones are opening this year due to strenuous fund raising, cautious book balancing and an infusion of lottery proceeds.

Premier David Peterson and other prominent federal, provincial and local officials were on hand Thursday when a replacement for Victoria Hospital, an 800-bed teaching hospital built for \$76 million to serve patients from southwestern Ontario, opened in London.

"We're proud of the world-class facility we have here in London," Peterson said, but added he was unable to announce any funding plans for the second and final phase of the hospital's redevelopment project.

Other hospitals opening this fall include the new Credit Valley Hospital in Mississauga (\$62 million), a replacement for the Baycrest Hospital in Toronto (\$40.2 million) and the new Scarborough Grace Hospital (\$68.1 million). A replacement for Owen Sound General (\$33.1 million) opens in December.

The Health Ministry has budgeted \$151 million this year for capital expansion, compared with \$187 million last year.

Over the next three years, the ministry intends to spend \$25 million raised through lotteries, which have already contributed more than \$100 million to capital expansion budgets.

Peter Wood, a spokesman for the Ontario Hospital Association, said that due to rising costs and decreasing provincial funds, raising the average \$60 million required to build a hospital requires political acumen and financial expertise unnecessary in the 1960s.

For years, the province traditionally paid two-thirds of the cost of a new hospital, any hospital seeking funds today is lucky to get 50 per cent financing from the government, Wood said.

And a hospital whose board of governors can guarantee they will raise more than one-third of the costs will receive ministry approval much faster, the hospital association says.

Built on land owned by the Department of Veterans Affairs, the new Victoria Hospital, founded in 1875, owes its existence to political deal-making.

It took the approval stages many times," said hospital president Rodney Thorlinton. "But the most difficult part was putting together the proposal for the Ministry of Health. We developed I don't know how many plans, but the one that really opened the door was taking over care of the veterans."

By agreeing to handle the full-time care of 125 veterans and outpatient treatment for other southwestern Ontario hospitals, Victoria got a 35-per-cent site in downtown London and \$11.5 million from the federal government for the first phase of the project. Also contributing towards the cost was \$51.3 million from the Ontario government, \$1 million from a local fund and \$60.0 million from the City of London.

Another 34 hospitals are seeking money in Ontario. Five major projects, each of which will cost at least \$20 million, have received the government's go-ahead — construction of the Markham-Stouffville Hospital, redevelopment of Doctors Hospital in Toronto and of hospitals in North Bay and Timmins and construction of a core building for St. Joseph's Health Centre in Toronto.

After a 17-year wait, Hamilton residents also will be provided with emergency services with the opening of a 24-hour clinic, due for construction this year, East Hamilton MPP Robert MacKenzie said.

## Three local projects get a big t with hefty Wintario grants

TEETZEL and WINTER

J. Hill, — The school will become the new home of the Richmond Hill senior citizens club.

Mr. Cousins said he "was especially thrilled" to learn of the grant.

The town bought the school from the York Region Board of Education for \$600,000 and will take possession on July 16. The Ontario Ministry of Community and Social Services has also approved a principal grant of \$112,500 over two years for this project, which will also involve renovating the school to make it accessible to seniors.

Ramps and elevators will have to be installed in the building, adding another \$50,000 to the cost, said Mayor Mr. Cousins noted that the Wintario grant will allow the town to free up tax money that would have been used to buy the school.

The three grant to Richmond Hill is \$14,000 to develop an athletic field, the new Richmond Hill Community Centre. The town received \$729,183 in Wintario funding for the three projects.

Markham also received a grant of \$40,000 for the Pomona Valley Tennis Courts.

Markham Mayor Carol Bell accepted the cheque saying that she was hoping Wintario would soon provide a grant for the new Markham theatre.

"I'm hoping that with Richmond Hill getting this very tidy sum that the motion keeps moving to the east," she quipped.

The total money allotted to the riding of York Centre in Wintario grants amounted to \$100,183.

The province divided \$2 million into 125 ridings, meaning that the average allocation per member would be \$200,000.

"Mathematically we did as extremely well," said Mr. Cousins in an interview.

"This is probably the best news we've ever had for Wintario to support for the community in Richmond Hill," he said.

Mr. Cousins told the press conference that he plans to support for the community in Richmond Hill.

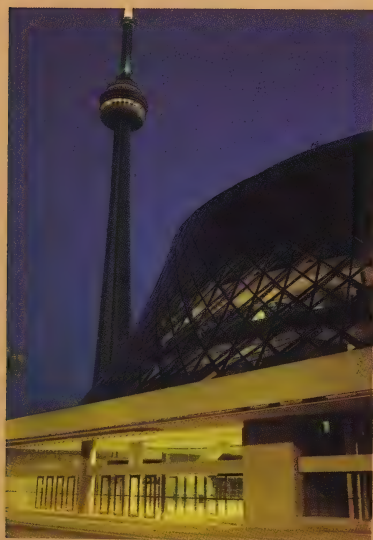


on-going research has made impressive gains in areas which have become more and more significant to residents of Ontario in the last 10 years.

Other issues of growing public concern, including organ transplants and the needs of the elderly, are being researched with the help of lottery funds. With the aim of improved health-care service for Ontarians, capital grants to hospitals have been directly responsible for much-needed renovations and construction.

Since 1982, social-service organizations have also shared in up to \$15 million in lottery dollars every year distributed by the Trillium Foundation. Big Brothers, The Muscular Dystrophy Association of Canada, Ontario Association of Homes for the Aged and the St. Leonards Society of Canada are just a few of the groups being helped. At the close of fiscal 1984/85, the Trillium Foundation had granted and pledged \$46.7 million to 47 charity groups, creating a direct or indirect benefit to 1,853 local branches and member groups across Ontario. These grants have furthered the work of over 100,000 volunteers.

Each of the thousands of grants made from lottery funds has a special meaning for those receiving them. But the result is the same for everyone: improvements to the province's quality of life that would not have been possible without Ontario's lotteries.





## 10TH ANNIVERSARY

A birthday is a time for celebration. And the Ontario Lottery Corporation's 10th anniversary has been no exception. While May 1985 was officially "anniversary month", many special events have continued during the whole year.

A distinctive 10th anniversary logo consisting of 10 birthday candles in the red, yellow and blue corporate colors focussed attention on all birthday festivities.

As well, Ontarians invited fellow Ontarians to "Celebrate" their lotteries with a sing-along commercial.

The highlight of the celebration came May 30, 1985 with the televised "Ten Winning Years" show. It combined the largest Wintario bonus draw ever with a Million Dollar Sweeps final.

The program reminisced about the hundreds of communities Wintario had visited, the many ways lottery proceeds had been used and thanked the people of Ontario for their enthusiasm.

The Wintario draw show brought along birthday cake to every Thursday night stop during the month of May. At receptions following the program, audiences were invited to meet the people who put on the show and join in anniversary celebrations.

Also during May, Faye Dance and Winnie the Wintario Bear, greeted Prize Office visitors with birthday cake as they collected their prize cheques.

At community speaking engagements throughout Ontario, senior staff of the Corporation shared some behind-the-scenes experiences with local groups and answered questions about the decade of lotteries.

And the Corporation's parade float also brought lottery birthday festivities to villages, towns and cities across the province by being a part of community summer activities.

It has been a busy year for the Corporation. With the first 10 years complete, the Ontario Lottery Corporation now has its eye on the future to continue its record of contribution to the province.



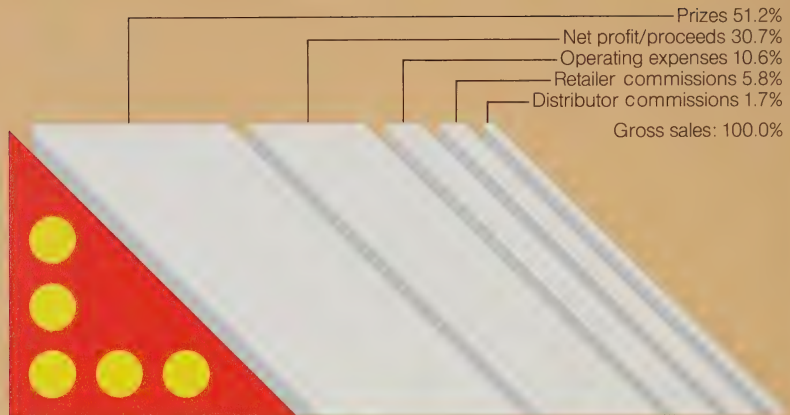


1. From left: OLC president D. Norman Morris, Wintario hosts Greg Beresford and Faye Dance and Chairman Donald J. MacLean cut the 10th anniversary birthday cake. 2. Scenes from the 10th anniversary sing-a-long television commercial. 3. Jeannette and Peter Cozma of Windsor — \$1 million, Sweeps winners. 4. Wintario host Faye Dance and former host Fred Davis. 5. Ontario Lottery Corporation parade float and the Lottario Early Bird. 6. The Million Dollar Sweeps stage during the Ten Winning Years show.



## DISTRIBUTION OF REVENUE

(% of Gross Sales)



In the 1984/85 fiscal year, the Corporation recorded gross sales of \$812.0 million, \$150.1 million more than the previous year.

The increase meant a rise in net profit/proceeds to \$249.6 million. These funds are allocated to sports, fitness, culture, recreation, health and environmental-health research and province-wide social service projects.

Prizes reached \$415.5 million, representing 51.1 percent of gross sales. They ranged from free tickets right up to \$11.3 million.

At \$60.6 million, commissions were up in fiscal 1984/85. The Corporation pays commissions on two levels: to the 14,000 retailers and the 47 independent distributors.

Retailers receive a commission of 8 percent for selling Wintario and Instant tickets and 5 percent for other games. They also receive a further 3 percent for redeeming cash prizes of passive games and 2 percent for on-line prize redemptions. And, when a retailer sells a grand prize winning ticket, he or she receives a special bonus commission.

Distributors receive 1 percent commission on Instant tickets, an average of 2½ percent on Wintario, Provincial and Super Loto, and a weekly service fee of \$3 for each on-line terminal.

Operating costs of \$91.7 million comprise three areas: game administration, building and capital equipment and the payment to the federal government.

Game administration expenses, as a percentage of gross sales, decreased slightly. Actual costs were higher as a direct result of increased ticket sales and the Instant game launch.

The expansion of computer facilities, including the on-line terminal network, to better serve players in every corner of the province, combined with capital equipment acquisitions, increased building and capital equipment costs significantly over the previous fiscal year.

Payments of \$15.9 million to the federal government as part of the 1979 agreement leading to Ottawa's withdrawal from the gaming field were \$3.5 million higher than the previous year. \$3 million of this was a result of an additional agreement in 1985. This brings Ontario's payments to date to \$57.1 million.



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**ONTARIO LOTTERY CORPORATION**

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(INCORPORATED WITHOUT SHARE CAPITAL UNDER THE ONTARIO LOTTERY CORPORATION ACT)

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**BALANCE SHEET**

AS AT MARCH 31, 1985

	1985 (\$000's)	1984 (\$000's)
Assets		
Current assets		
Cash	20,570	9,369
Prize funds	43,596	32,261
Due from Interprovincial Lottery Corporation	3,925	3,117
Accrued interest	455	407
Accounts receivable	3,225	5,937
Prepaid expenses	313	263
	72,084	51,354
Liabilities		
Current liabilities		
Prize money unclaimed	43,596	32,261
Net profit/proceeds due to the Treasurer of Ontario (notes 3 and 4)	4,137	4,560
Accounts payable and accrued liabilities	16,667	7,317
Due to Government of Canada (note 9)	3,000	—
Deferred income	4,684	7,216
	72,084	51,354

*See accompanying notes to financial statements.*

*On behalf of the Board:*

*Director*

*Director*

**STATEMENT OF NET PROFIT/PROCEEDS  
DUE TO THE TREASURER OF ONTARIO**  
FOR THE YEAR ENDED MARCH 31, 1985

	1985 (\$000's)	1984 (\$000's)
Balance, beginning of year	4,560	4,821
Net profit/proceeds for the year		
Wintario	28,618	40,128
Lottario	66,900	74,781
Instant (note 7)	26,819	2,798
Provincial	15,745	16,319
Super Loto	12,880	15,884
Lotto 6/49	98,615	66,829
	249,577	216,739
Less payments to the Treasurer of Ontario on account of net profit/proceeds:		
Wintario (note 3)	29,000	40,000
Lottario (note 3)	67,000	76,000
Instant (notes 3 and 7)	26,000	2,000
Provincial (note 4)	16,000	16,000
Super Loto (note 4)	14,000	15,000
Lotto 6/49 (note 4)	98,000	68,000
	250,000	217,000
Balance, end of year		
Wintario	78	460
Lottario	212	312
Instant	1,617	798
Provincial	887	1,142
Super Loto	519	1,639
Lotto 6/49	824	209
	4,137	4,560

*See accompanying notes to financial statements.*

# STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 1985

	1985 (\$000's)	1984 (\$000's)
Cash ticket sales	759,452	608,752
Free tickets	52,522	53,066
Less commissions — retailers and distributors	811,974	661,818
	60,612	50,318
	751,362	611,500
Prizes		
Wintario — cash	64,380	64,456
— free tickets	35,196	42,908
Lottario	105,053	100,670
Instant — cash	39,603	4,805
— free tickets (note 7)	7,920	—
	252,152	212,839
Cost of tickets (note 2)		
Provincial	22,897	26,431
Super Loto — cash	18,409	20,103
— free tickets	9,406	10,158
Lotto 6/49	112,674	71,488
	163,386	128,180
Operating expenses		
Advertising	22,074	18,389
Ticket printing	10,046	7,953
Administration and other expenses	21,625	18,404
Payment to Government of Canada (notes 5 and 9)	15,918	12,406
Equipment and building	22,070	1,202
	91,733	58,354
Operating income	244,091	212,127
Interest	5,486	4,612
Net profit/proceeds for the year	249,577	216,739

See accompanying notes to financial statements.



## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1985

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Accounting

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles except for fixed assets which are written off to operations at the time of acquisition.

#### (b) Deferred Income

Revenues received net of expenses incurred for draws held subsequent to March 31st are deferred except for the Instant Game where most prizes are won instantly rather than being dependent on a draw.

### 2. PROVINCIAL, SUPER LOTO AND LOTTO 6/49

Pursuant to section 7(b) of the Ontario Lottery Corporation Act, the Corporation was authorized by the Lieutenant Governor in Council to enter into agreements with other provinces regarding an inter-provincial lottery scheme. The Provincial, Super Loto and Lotto 6/49 lotteries are joint undertakings by all provinces acting through the Interprovincial Lottery Corporation, a company incorporated under the Canada Business Corporation Act, the shares of which are held by Her Majesty the Queen in right of the respective provinces.

The Corporation is the Regional Marketing Organization for the Provincial, Super Loto and Lotto 6/49 in Ontario. The Corporation purchases Provincial and Super Loto tickets from the Interprovincial Lottery Corporation and manages the sale of Lotto 6/49 tickets on their behalf. The cost of tickets for the three games is composed of Ontario's proportional share of prizes based on the number of tickets sold, plus their proportionate share of the operating expenses net of interest income of the Interprovincial Lottery Corporation.

### 3. NET PROFITS – WINTARIO, LOTTARIO AND INSTANT

Pursuant to section 9 of the Ontario Lottery Corporation Act, the net

profits of the Corporation after provision for prizes and the payment of expenses and operations, are payable into the Consolidated Revenue Fund of the Province.

### 4. NET PROCEEDS – PROVINCIAL, SUPER LOTO AND LOTTO 6/49

Pursuant to Order in Council 226/83, all moneys attributed to or accruing to Ontario from the Provincial, Super Loto and Lotto 6/49 after providing for prizes and the payment of operating expenses, are payable into the Consolidated Revenue Fund of the Province of Ontario to be held in trust.

### 5. PAYMENT TO GOVERNMENT OF CANADA (note 9)

An agreement was made between the Government of Canada and the Province of Ontario in August 1979 which stipulated that the Government of Canada would withdraw from the sale of lottery tickets effective December 31, 1979. Effective January 1, 1980 the agreement required the provinces to remit quarterly to the Government of Canada the sum of \$6 million, appropriately adjusted to reflect the effects of inflation. The provinces agreed to share this cost based on a formula which took into account each province's population and proportionate ticket sales. Effective April 1, 1983 this formula was amended by the provinces and is based on a formula which takes into account population and disposable income. Ontario's share of the payment for the fiscal year ended March 31, 1985 was \$12,918,000 (1984-\$12,406,000) and was remitted to the Government of Canada through the Interprovincial Lottery Corporation.

### 6. COMMITMENTS

#### (a) Terminal Purchases

During the fiscal year ended March 31, 1984 the Corporation entered into an agreement to purchase, over a period of three years 3,000 lottery terminals valued at approximately \$25 million. As at March 31, 1985 approximately \$16 million had been spent for the acquisition of these terminals.

#### (b) Operating leases

The Corporation occupies office space at various locations under operating leases expiring over terms varying from one to ten years. The estimated minimum cost of such leases is \$6,583,000 in the aggregate. The annual minimum rentals for the next ten years are as follows:

	(\$000's)
1985-86	640
1986-87	560
1987-88	538
1988-89	538
1989-90	538
1990-95	3,769

### 7. INSTANT GAME

On March 5, 1984 the Corporation introduced its first Instant Game and during the current fiscal year two additional versions of the game were introduced.

### 8. INCOME TAXES

As a Crown corporation of the Province of Ontario, the Corporation is exempt from income taxes and accordingly no provision is required.

### 9. SUBSEQUENT EVENT

On June 3, 1985 an additional agreement was made between the Government of Canada and the Province of Ontario which stipulated that the Government of Canada refrain from reentering the field of gaming and betting. It also introduced amendments to the Criminal Code to ensure the right of the Provinces in the field of gaming and betting are not reduced or restricted. The agreement requires the Provinces to remit to the Government of Canada the sum of \$100 million to be paid in three equal installments on or before December 31, 1985, 1986 and 1987. The Provinces have agreed to share these payments based on the existing formula established under the agreement dated April 1, 1983 (note 5). The Corporation estimates its share of the payment due December 31, 1985 will approximate \$12 million and a provision of \$3 million has been recorded in the financial statements as of March 31, 1985.



Office of the  
Provincial  
Auditor

To the Board of Directors of the Ontario Lottery Corporation and to the Minister of Tourism and Recreation.

I have examined the balance sheet of the Ontario Lottery Corporation as at March 31, 1985 and the statements of operations and net profit/proceeds due to the Treasurer of Ontario for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1985 and the results of its operations for the year then ended in accordance with the accounting policy described in Note 1a to the financial statements, applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Corporation and to the Minister.

D.F. Archer, F.C.A.,  
Provincial Auditor.

Toronto, Ontario  
August 2, 1985



**Ontario Lottery Corporation**

2 Bloor Street West  
Toronto, Ontario  
M4W 3H8  
(416) 961-6262

**Winning Numbers**

Wintario (416) 870-9170  
Lottario (416) 870-9122  
Provincial (416) 870-9161  
Super Loto (416) 870-9135  
Lotto 6/49 (416) 870-9134



Ontario

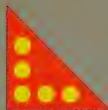
Ministry of  
Tourism and  
Recreation

Hon. John Eakins  
Minister  
James W. Keenan  
Deputy Minister





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**Ontario Lottery Corporation**

**Annual Report  
1985 - 1986**

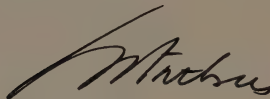


September 30, 1986  
The Honourable John Eakins  
Minister of Tourism and Recreation  
77 Bloor Street West  
Toronto, Ontario  
M7A 2R9

Dear Mr. Eakins:

Pursuant to the provisions of the Ontario Lottery Corporation Act,  
I am pleased to present the annual report of the Ontario Lottery  
Corporation for the year ending March 31, 1986.

Yours very truly,



Walter G.D. Stothers  
Chairman of the Board

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#### Boardmembers

Walter G.D. Stothers, FCA, <i>Thornhill, chairman</i> (April 17, 1986 - Feb. 16, 1989)	Chan Yeung Kang, LLB, <i>Downsview, director</i> (June 2, 1986 - Feb. 16, 1989)
Sandra McKinnon Jolley, <i>Toronto, vice-chairman</i> (June 2, 1986 - Feb. 16, 1989)	C. Ronald S. MacKenzie, MD, <i>St. Catharines, director</i> (Feb. 7, 1981 - Feb. 16, 1987)
Mollie Callaghan, <i>Toronto, director</i> (Feb. 17, 1981 - Feb. 16, 1987)	D. Norman Morris, CA, <i>Mississauga, president</i>
Albert Hansen, <i>Ottawa, director</i> (Oct. 29, 1981 - Feb. 16, 1987)	Marvin L. Shore, CA, <i>London, director</i> (Jan. 31, 1985 - Feb. 16, 1988)
Monique Jacques, <i>Kapuskasing, director</i> (Feb. 17, 1981 - Feb. 16, 1987)	

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#### 1985/86 Senior Staff

Adam J. Hawkins, <i>executive vice-president</i>	John MacNabb, <i>vice-president,</i> <i>Computer Services</i>
J. Michael Holroyde, <i>vice-president,</i> <i>Sales and Distribution</i>	Kathy Petrik, <i>vice-president,</i> <i>Corporate</i> <i>Communications</i>
Douglas R. Mackie, <i>vice-president,</i> <i>Marketing</i>	John Van Camp, <i>controller</i>

#### Cover Photo:

Nancy Brown, of Milton, holds her newborn baby, Kyle, delivered at Mississauga's Credit Valley Hospital which was built, thanks in part, to a lottery grant.

## Chairman/President's Report

The Ontario Lottery Corporation is pleased to report gross ticket sales topped \$1 billion for the first time in fiscal year 1985/86 in another record-breaking demonstration of public support.

As a result, \$320.7 million in profits were generated, an increase of \$71.1 million from the last fiscal year.

Lottery profits, which have totalled \$1.6 billion since 1975, are turned over to the government of Ontario for direction to a variety of worthy public projects to benefit all Ontarians.

Now firmly into its second decade of operation, the Corporation continues to be sensitive to the changing wants and needs of its players.

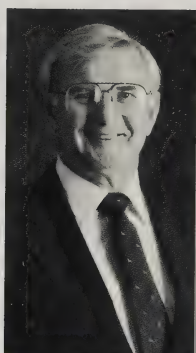
Of prime importance is its commitment to the people of Ontario, to provide entertaining, efficient, fair and accessible games.

During the past year, changing market demand has strengthened the performance of Lotto 6/49 and the Instant game, while other products have entered the mature stage.

The Corporation is dedicated to keeping all its games fresh and interesting and will constantly work to renew and design



Walter G.D. Stothers



D. Norman Morris

products according to customer wishes.

Plans to relocate corporate headquarters in Sault Ste. Marie are under way. The government of Ontario's initiative will inject millions of dollars of economic stimulation into the area. In addition, the state-of-the-art computer technology required by the Corporation will help to create a communications environment that will encourage

other industries to move to north-western Ontario.

The Corporation expresses its thanks to the people behind Ontario's lotteries...the board of directors, 238 staff members, distributors and retailers.

And most of all, thanks to those loyal players, who for 11 years have supported their lotteries with such enthusiasm.



Walter G.D. Stothers  
Chairman of the Board



D. Norman Morris  
President



Boardmembers: from the left, Sandra McKinnon Jolley, C. Ronald S. Mackenzie, D. Norman Morris, Walter G.D. Stothers, Monique Jacques, Albert Hansen, Chan Yeung Kang and Mollie Callaghan. Absent, Marvin L. Shore.



## Year in Review

### Ontario lotteries begin second decade with billion dollar sales and record-setting profits

It was a time for winning and celebrating. It was a year for new games, fresh ideas and strong corporate growth. It was the year the Ontario Lottery Corporation broke the \$1 billion gross sales mark and generated a record-setting \$320.7 million in profits.

Just two months into the 1985/86 fiscal year the Corporation celebrated a decade of successful lotteries. And as the year came to a close, the Corporation prepared for the rebirth of its flagship game, Wintario.

The renewed game offers players the combination of an instant-win feature on every ticket along with a chance to capture thousands of regular weekly Wintario prizes.

Ontario's Instant game continued to be popular with players, recording sales of \$195.2 million, an increase of \$103.1 million from last year. Three instant game versions, Match 3 Doubles, Grand Prix and Match 3 Sweeps, saw finalists compete for \$1 million grand prizes in live television sweeps shows. The popularity of these games was illustrated with average weekly sales of \$3.8 million.

For the first time the Ontario Lottery Corporation combined forces with the Canadian National Exhibition—the world's largest annual fair—and offered free admission to players presenting five Lucky 5's tickets. Through a Toronto newspaper promotion, tickets were collected and used to provide a free day at the CNE for the community's less fortunate. The idea worked so well, it was repeated in 1986.

The on-line game, Lotto 6/49, was a strong performer, reaching peak weekly sales during the fiscal year of over \$26.7 million.

Lottario, the world's first on-line game, held its own during the first half of the year. Sales were affected, however, by Lotto 6/49's move to a twice-weekly format in September 1985. It was the first major indication of one game suffering as a result of another.

Lotto 6/49, with \$385.2 million in sales, was the Corporation's top performer and is run jointly with the other Canadian provinces through the Interprovincial Lottery Corporation. For the third January in a row, the game produced a \$10-million-plus Jackpot generating record sales in Ontario and keen interest in the luck of the lottery.

Provincial and Super Loto, the two other interprovincial games, offered over \$10 million and \$23 million in bonus prizes respectively. A Super Loto commercial created for the summer 1985 bonus draw won the gold award in the 'Bessies', sponsored by the Television Bureau of Canada and Broadcast Executive Society.

Again this year the Ontario Lottery Corporation celebrated the Yuletide with Tri-Pack, a holiday promotion offering a \$20 package of five Wintario tickets, one Provincial and one Super Loto with an added bonus record album 'The Sounds of Christmas'.

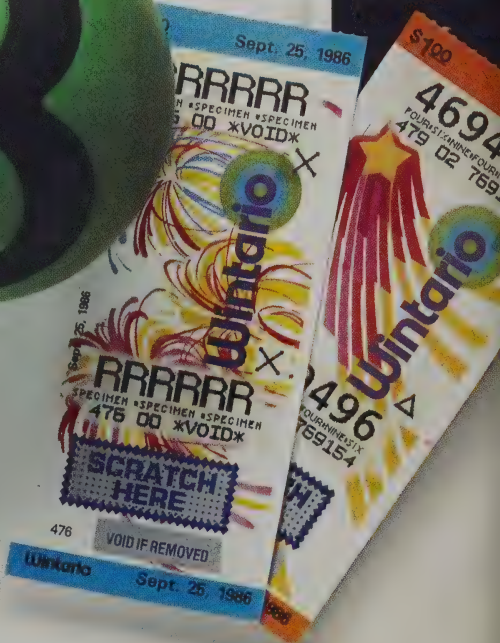
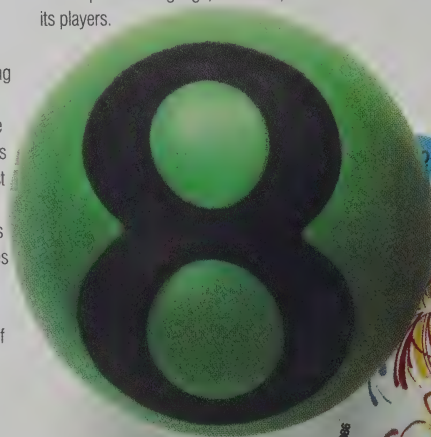
And to make winning a truly rewarding and relaxed experience, the Corporation released its Winners' Handbook in December. With information on general investment options for major winners and tips of handling the news media and donation requests, the handbook generated positive public and media feedback.

Continuing its commitment to communication with the people of Ontario, the Corporation's speakers' bureau experienced the busiest season in its five-year history. Corporation executives told the lottery story in 27 communities across Ontario. The travelling information display, which explains the Corporation's lotteries and how profits are used, visited 37 various sites including Toronto's Canadian National Exhibition. This dialogue with the public helps the Corporation to gauge, and meet, the wants and needs of its players.

Eleven Year Review - Operating Highlights (\$ Million)

	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86
Sales	97.1	218.8	240.4	235.1	323.8	490.3	506.9	550.1	661.8	812.0	1,007.8
Commissions	12.5	22.4	24.2	22.5	28.3	41.2	41.4	44.1	50.3	60.6	75.4
Prizes	36.1	95.5	108.3	123.9	182.7	270.3	271.9	294.4	341.0	415.5	510.9
Total Operating Expenses	6.0	10.1	11.4	14.5	22.2	36.7	45.0	54.4	58.4	91.7	107.2
Interest	.8	2.0	1.9	2.5	4.3	6.7	8.9	6.4	4.6	5.5	6.4
Net Profit/Proceeds	43.3	92.8	98.4	62.6*	92.8*	148.8	157.5	163.5	216.7	249.6	320.7
Number of Games	1	2	2	3	3	4	4	5	6	6	6

\*After Extraordinary Expenses





The live Wintario draw show has visited hundreds of Ontario communities during the last 11 years.

	Gross sales	\$141.0 million
	Net profit	\$ 19.9 million
	Gross sales	\$196.8 million
	Net profit	\$ 59.1 million
	Gross sales	\$195.2 million
	Net profit	\$ 58.1 million
	Ontario gross sales	\$ 44.7 million
	Ontario net proceeds	\$ 14.6 million
	Ontario gross sales	\$ 45.0 million
	Ontario net proceeds	\$ 12.0 million
	Ontario gross sales	\$385.2 million
	Ontario net proceeds	\$156.9 million



Lottery tickets are sold by some 12,500 retailers throughout Ontario.



Lottario's mascot, Early Bird, delights audiences young and old.



## Winners

More than 46 million prizes awarded this year

The place is Beamsville. Rural Ontario...stately old homes, lush farmland and friendly people.

This is the place Gail and Butch Mista call home. They're just two of the millions of Ontario lottery winners, but their story has a strange twist.

This year this couple almost threw out their chance to claim a Lottario prize of \$54,673.90. They decided to double check some lottery tickets they found in an old shoe box.

"It was there in black and white, but I still couldn't believe it," Mrs. Mista told a local newspaper reporter after the delightful discovery.

The Mistas' win was heightened by the element of surprise. But it's the prospect of winning any prize that makes playing Lottario so much fun.

During the 1985/86 fiscal year, the Ontario Lottery Corporation offered \$510.9 million in prizes bringing the 11-year total to over \$2.6 billion.

These prizes—200 million of them—included everything from a free ticket to millions of dollars. Last year alone, 29 Ontarians became lottery millionaires.

The winner of the fiscal year's largest prize was Jean Viau, the 22-year-old shoe factory worker from Green Valley. His win of more than \$10 million in the January 11, 1986 Lotto 6/49 draw gave him the chance to marry his high-school sweetheart, buy a house and a candy-apple-red Corvette sports car.

He knew he was the lucky winner 10 minutes after the draw, but waited 10 days before telling the world he had won the third-largest lottery prize in Canadian history.

What happens to these people once they become lottery winners? For almost all of them, life goes on much as it did before their win.

A survey done by the Ontario Lottery Corporation shows almost 90 per cent of major winners return to work following their win and 91.4 per cent said they were treated fairly by the news media. The research shows only 2.6 per cent of major winners reported problems with solicitations.

But you don't have to become a multi-millionaire to experience an unusual win.

Take the case of Etobicoke's Chris Thompson who claimed a \$50,000 lottery prize by slipping the ticket under the door of the Corporation's Prize Office on the final claiming day.

Mr. Thompson was visiting relatives in London one Saturday, when he found an old Provincial ticket in his wallet. He drove to the nearest shopping mall to check the winning numbers and discovered his win. But time was of the essence. As luck would have it, the draw was exactly a year ago and it was the final claiming day. Mr. Thompson drove to the Prize Office, but discovered it was closed. He slipped the winning ticket under the door and collected his cheque three days later...with an audible sigh of relief.

### Mississauga housewife gets \$748,000 prize

It didn't take long for Gizella Colley to strike it rich. Colley, a 52-year-old Mississauga housewife, won more than \$748,000 in last Saturday's Lottario draw after just a few months of buying tickets.

She started in January because "everybody else was doing it," but only buys one Lottario and one Lotto 6/49 ticket a week, plus the occasional chance on Wintario.

"I watched the draw (on television) and I didn't realize I'd won that much money until Sunday she'd gone to a local variety store to confirm her win."

"I just went into shock," she said yesterday. "I think I'm still in shock."

After the shock wears off, Colley plans to "help some of my friends and my kids... buy a new car and my house and a cottage."

Colley

Colley, who has two teenagers and a 28-year-old son, said she and her husband, Lynde, plan to live as a

### Fort Erie couple \$100,000 winners

FORT ERIE — From now on, when Pauline Saltzberry goes grocery shopping she says she won't have to check out bargains first.

The 63-year-old Brock resident and her husband Clabourne have won the \$100,000 prize in the June 30 Super Lottario draw.

Saltzberry described the instant fortune as "a morning when the sun and the moon are identical."

CLABOURNE  
SALTZBERRY

They plan to live out of on their three-bedroom home, build a garage, help out their son and his family and live as much as we







Gail and Butch Mista, of Beamsville, won \$54,673.90 on an old Lottario ticket they discovered in a shoe box.



Meda Beckman, of Toronto, won \$200,000 in Wintario.



George Fields, of Ottawa, smiles after collecting \$10,000 in the Grand Prix Instant game.

## Grants

**In the past 11 years, Ontario lotteries  
have generated more than \$1.6 billion in profit**

A tiny baby fights for life in the intensive care unit of an Ontario hospital.

In a hushed auditorium a group of school children enjoy their first taste of classical music.

Two young hockey players race for the puck inside a chilled arena.

There is a common denominator. All of these scenes show lottery-based grants at work across the province helping millions of Ontarians.

Young and old, steelworkers and surgeons, homemakers and hospital employees have all been the beneficiaries of lottery dollars.

In fiscal 1985/86, Ontario lotteries generated a record \$320.7 million in profit, bringing the 11-year total to more than \$1.6 billion.

Across Ontario, lottery grants have been put to work in art galleries, arenas, research labs and on little league ball diamonds, strengthening the social fabric of Canada's heartland.

Through the Ontario Ministry of Tourism and Recreation about \$56 million in grants was allocated for sports, fitness and recreation during this fiscal year.

Meanwhile, the Ontario Ministry of Citizenship and Culture designated more than \$55 million for arts, heritage, library and citizenship grants.

The government of Ontario spent more than \$38.2 million in lottery funds this fiscal year to help build and expand hospitals.

At Sudbury's General Hospital of the Immaculate Heart of Mary, grants have underwritten the cost of a new 32-bed nursery and an intensive care unit for sick babies. A life-saving heliport is also being constructed to facilitate quick treatment.

As well, lottery-based health-care grants have helped ease the suffering of cancer patients, improved the world of the handicapped and assisted the elderly to cope with difficulties of everyday life.

The Lions Foundation of Canada used lottery funds to train guide dogs for the blind while Ontario universities investigated the effects of air and water pollution.

Through the Ontario Trillium Foundation, 49.9 million lottery dollars—\$15 million from 1985/86—have been pledged to 56 charity groups, extending direct or indirect benefit to 2,600 local branches and member groups across Ontario.

United Way, Big Brothers, The Ontario Association of Homes for the Aged, the Alzheimer Association of Ontario and Meals on Wheels are just a few of the groups helped. These grants have furthered the work of over 100,000 volunteers, providing service to over a half million people.







*The Hamilton Philharmonic Orchestra, the recipient of several lottery grants, helps thousands enjoy the magic of music. Here, French horn player, Sandra Donatelle, relaxes after a concert.*



*Fitness has long been a beneficiary of lottery-funded grants.*



*Lottery grants have helped preserve Ontario native culture.*



## Distribution of Gross Sales

**A record \$1.007 billion in gross sales  
generated net profits of \$320.7 million**

In the 1985/86 fiscal year, the Corporation recorded gross sales of \$1.007 billion, \$195.8 million more than the previous year.

This sales increase created a rise in net profits to \$320.7 million which was turned over to the Ontario government for use in various grant programs.

Prizes reached \$510.9 million, representing 50.7 per cent of gross sales. Prizes ranged from free tickets right up to \$10 million.

Unclaimed prize money (Ontario-only games) at \$41.9 million was down \$1.7 million from last year. For financial reporting purposes, all unclaimed prize money is combined under the heading 'unclaimed prizes'. Half this figure represents prizes from recent draws for which there has been insufficient time for winners to claim their prizes. Only 26.0 per cent is from draws which have actually expired. These funds are available for bonus draws.

Commissions provided important income for some 12,500 ticket retailers and 47 independent distributors. At \$75.4 million, commissions rose \$14.8 million in fiscal 1985/86 because of increased sales.

Retailers receive a commission of eight per cent for selling Wintario and Instant tickets and five per cent for other games. Prize redemption fees are also paid. Distributors receive one per cent commission on Instant tickets, an average of 2.5 per cent on Wintario, Provincial and Super Loto and a weekly service fee of \$3 per terminal for delivering supplies to on-line lottery terminals in their territory.

Operating costs of \$107.2 million comprise three areas: game administration, equipment and building plus payment to the federal government.

Game administration expenses of \$57.0 million, which include advertising, ticket printing, salaries and benefits, rent, etc., fell one percentage point to 5.6 per cent of gross sales.

Equipment and building costs were \$24.5 million. These funds helped underwrite new data centre facilities and continued improvements to the on-line terminal network to better serve players in every corner of the province.

The payment of \$25.7 million to the federal government was \$9.7 million higher than the previous year.

In 1979, the federal government agreed to withdraw from the lottery field in return for quarterly payments from the provinces. Ontario's share for the fiscal year was \$13.5 million.

In a second federal-provincial agreement in 1985, the federal government agreed to stay out of the gaming and betting field. For this, the provinces agreed to provide an additional \$100 million to the federal government in three equal installments. Ontario's share of this payment was \$12.2 million.

### DISTRIBUTION OF SALES



Gross Sales 100.0%

Prizes 50.7%

Net profit/proceeds 31.8%

Operating expenses 10.0%

Commissions 7.5%

**Ontario Lottery Corporation**

(Incorporated Without Share Capital  
Under the Ontario Lottery Corporation Act)

**Balance Sheet**

as at March 31, 1986

	1986	1985
Assets	(\$000's)	(\$000's)
Current assets		
Cash		
Prize funds	32,277	20,570
Due from Interprovincial Lottery Corporation	41,856	43,596
Accrued interest	3,019	3,925
Accounts receivable	800	455
Prepaid expenses	8,260	3,225
	38	313
	<u>86,250</u>	<u>72,084</u>
Liabilities		
Current liabilities		
Prize money unclaimed		
Net profits/proceeds due to the Treasurer of Ontario (notes 3 and 4)	41,856	43,596
Accounts payable and accrued liabilities	7,834	4,137
Due to Government of Canada (note 5)	19,950	16,667
Deferred income (note 1(b))	3,000	3,000
	<u>13,610</u>	<u>4,684</u>
	<u>86,250</u>	<u>72,084</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

**Ontario Lottery Corporation**  
**Statement of Net Profits/Proceeds**  
**due to the Treasurer of Ontario**

for the year ended March 31, 1986

	1986	1985
	(\$000's)	(\$000's)
Balance, beginning of year	4,137	4,560
Net profits/proceeds for the year		
Lotto 6/49	156,908	98,615
Lottario	59,128	66,900
Instant	58,087	26,819
Wintario	19,923	28,618
Provincial	14,636	15,745
Super Loto	12,015	12,880
	320,697	249,577
Less payments to the Treasurer of Ontario on account of net profits/proceeds:		
Lotto 6/49 (note 4)	155,000	98,000
Lottario (note 3)	59,000	67,000
Instant (note 3)	57,000	26,000
Wintario (note 3)	20,000	29,000
Provincial (note 4)	14,000	16,000
Super Loto (note 4)	12,000	14,000
	317,000	250,000
Balance, end of year		
Lotto 6/49	2,732	824
Lottario	340	212
Instant	2,704	1,617
Wintario	1	78
Provincial	1,523	887
Super Loto	534	519
	7,834	4,137

See accompanying notes to financial statements.



# Ontario Lottery Corporation Statement of Operations

for the year ended March 31, 1986

	1986	1985
	(\$000's)	(\$000's)
Cash ticket sales	946,449	759,452
Free tickets	61,381	52,522
	1,007,830	811,974
Less commissions—retailers and distributors	75,399	60,612
	932,431	751,362
 Prizes		
Lottario	98,389	105,053
Instant – cash	80,882	39,603
– free tickets	19,466	7,920
Wintario – cash	57,741	64,380
– free tickets	33,055	35,196
	289,533	252,152
 Cost of tickets (note 2)		
Lotto 6/49	173,007	112,674
Provincial	22,217	22,897
Super Loto – cash	17,348	18,409
– free tickets	8,860	9,406
	221,432	163,386
 Operating expenses		
Payments to Government of Canada (note 5)	25,666	15,918
Administration and other expenses	24,557	21,625
Equipment and building	24,517	22,070
Advertising	20,684	22,074
Ticket printing	11,755	10,046
	107,179	91,733
Operating income	314,287	244,091
Interest	6,410	5,486
Net profits/proceeds for the year	320,697	249,577

See accompanying notes to financial statements.

# Ontario Lottery Corporation Notes to Financial Statement

March 31, 1986

## 1. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of accounting

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles except for fixed assets which are written off to operations at the time of acquisition.

### (b) Deferred income

Revenues received net of expenses incurred for draws held subsequent to March 31st are deferred.

## 2. PROVINCIAL, SUPER LOTO AND LOTTO 6/49

The Provincial, Super Loto and Lotto 6/49 lotteries are joint undertakings by all Provinces acting through the Interprovincial Lottery Corporation, a company whose shares are held by Her Majesty the Queen in right of the Provinces. Ontario Lottery Corporation is the regional marketing organization for these games in Ontario. The Corporation purchases tickets for the three games from the Interprovincial Lottery Corporation and manages their sale throughout the Province.

The cost of tickets is composed of Ontario's proportional share of prizes based on the number of tickets sold, plus their proportional share of the operating expenses net of interest income of the Interprovincial Lottery Corporation.

## 3. NET PROFITS—WINTARIO, LOTTARIO AND INSTANT

Pursuant to section 9 of the Ontario Lottery Corporation Act, the net profits of the Corporation are payable into the Consolidated Revenue Fund of the Province.

## 4. NET PROCEEDS— PROVINCIAL, SUPER LOTO AND LOTTO 6/49

Pursuant to Order in Council 226/83, the net proceeds of the Corporation from Interprovincial Lottery Corporation games are payable into the Consolidated Revenue Fund of the Province to be held in trust.

## 5. PAYMENTS TO GOVERNMENT OF CANADA

An agreement made in August 1979 between the Government of Canada and the Provinces stipulated that the Government of Canada would withdraw from the sale of the lottery tickets effective December 31, 1979. Effective January 1, 1980, the agreement required the Provinces to remit quarterly to the

Government of Canada the sum of \$6 million, appropriately adjusted to reflect the effects of inflation. The Provinces agreed to share this cost based on a formula which took into account the population and disposable income. Ontario's share of the payment for the fiscal year ended March 31, 1986 amounted to \$13.5 million.

On June 3, 1985, a second agreement made between the Government of Canada and the Provinces specified that the Government of Canada would refrain from reentering the field of gaming and betting. The agreement required the Provinces to remit to the Government of Canada \$100 million to be paid in three equal installments on or before December 31, 1985, 1986 and 1987. The Provinces have agreed to share these payments based on the formula used for the first agreement. Ontario's share of this payment to the end of March 31, 1986 was \$12.2 million.

## 6. COMMITMENTS

### Operating Leases

The Corporation occupies office space at various locations under operating leases expiring over terms varying from one to nine years. The annual minimum rentals for the next nine years are as follows:

	(\$000's)
1986-87	577
1987-88	540
1988-89	540
1989-90	540
1990-91	682
1991-95	3,102

## 7. INCOME TAXES

As a Crown corporation of the Province of Ontario, the Corporation is exempt from income taxes and accordingly no provision is required.

## 8. SUBSEQUENT EVENTS

On July 8, 1986, the government announced its intention to relocate the majority of the Corporation's operations to Sault Ste. Marie. The financial effect of this move cannot be reasonably estimated at this time.



Office of the  
Provincial  
Auditor

To the Board of Directors of the Ontario Lottery Corporation and to the Minister of Tourism and Recreation.

I have examined the balance sheet of the Ontario Lottery Corporation as at March 31, 1986 and the statements of operations and net profits/proceeds due to the Treasurer of Ontario for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policy described in Note 1a to the financial statements, applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Corporation and to the Minister.

A handwritten signature in cursive script that reads "Douglas Archer".

D.F. Archer, F.C.A.,  
Provincial Auditor.

Toronto, Ontario  
August 1, 1986





**Ontario Lottery Corporation**

2 Bloor Street West  
Toronto, Ontario  
M4W 3H8  
(416) 961-6262

**Winning Numbers**

Wintario (416) 870-9170  
Lottario (416) 870-9122  
Provincial (416) 870-9161  
Super Loto (416) 870-9135  
Lotto 6/49 (416) 870-9134

An Agency Of:



Ontario

Ministry of  
Tourism and  
Recreation

John Eakins  
Minister  
James W. Keenan  
Deputy Minister



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# ONTARIO LOTTERY CORPORATION

Annual Report  
1986/87



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Together  
we're making  
good things  
happen.



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**BONUS!**  
Wintario  
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March 28, 1987  
502 04 284084

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*Front Cover*  
Tracy Ferguson, a  
wheelchair athlete,  
enjoys the facilities at  
Variety Village in  
Scarborough, made  
possible in part with help  
from lottery profits.

Sept. 30, 1987  
The Honourable Hugh P. O'Neil  
Minister of Tourism and Recreation  
77 Bloor St., West  
Toronto, Ontario  
M7A 2R9

Dear Mr. O'Neil:

Pursuant to the provisions of the Ontario Lottery Corporation Act, I am pleased to present the annual report of the Ontario Lottery Corporation for the year ending March 31, 1987.

Yours very truly,



Walter G. D. Stothers  
Chairman of the Board

#### About the Ontario Lottery Corporation

The Ontario Lottery Corporation was established in 1975 to develop and manage provincial government lotteries.

Since then, in its capacity as a Crown corporation, it has generated more than \$2 billion for the province of Ontario.

The Corporation operates six lotteries in Ontario: Wintario, Lottario, Instant (Ontario-only games), Provincial, Super Loto and Lotto 6/49 (interprovincial games).



## Boardmembers



**Walter G.D. Stothers, FCA,**  
*Thornhill, chairman*  
(April 17, 1986 —  
Feb. 16, 1989)



**Sandra McKinnon Jolley,**  
*Toronto,*  
*vice-chairperson*  
(June 2, 1986 —  
Feb. 16, 1989)



**Anne B. Bender**  
*Mississauga, director*  
(March 26, 1987 —  
Feb. 16, 1990)



**Patrick W.E. Hodgson,**  
*London, director*  
(March 26, 1987 —  
Feb. 16, 1988)



**Chan Yeung Kang, LL.B.,**  
*Willowdale, director*  
(June 2, 1986 —  
Feb. 16, 1989)



**James David Meekison, MBA,**  
*Toronto, director*  
(Feb. 26, 1987 —  
Feb. 16, 1990)



**D. Norman Morris, CA,**  
*Mississauga,*  
*president*



**David Polowin,**  
*Nepean, director*  
(Feb. 26, 1987 —  
Feb. 16, 1990)



**Sandra Elizabeth Severn**  
*Toronto, director*  
(Feb. 26, 1987 —  
Feb. 16, 1990)

## 1986/87 Senior Staff



**Adam J. Hawkins,**  
*executive*  
*vice-president*



**J. Michael Holroyde,**  
*vice-president,*  
*Sales and Distribution*



**John MacNabb,**  
*vice-president,*  
*Computer Services*



**Kathy Petrik,**  
*vice-president,*  
*Corporate*  
*Communications*



**John Van Camp,**  
*controller*

# C H A I R M A N ' S M E S S A G E



The 1986/87 fiscal year generated gross sales of \$1.337 billion resulting in \$458.7 million in net profits, 43 per cent higher than last year. It brought our 12-year profit total to over \$2.1 billion, which has been turned over to the provincial government for distribution.

While the Corporation has completed its most successful year ever, it faces fundamental questions regarding the future.

Ontario, like other lottery jurisdictions across Canada, has reached a mature market phase. The rapid sales increases of the past may not be repeated in the future. Though players continue to support our games enthusiastically, if we are to maintain revenue in the future we must develop new programs to provide Ontarians with the lottery games they desire.

We have made several changes in order to continue to give our retailers and customers the best possible service. We have restructured our distribution system, expanded our on-line ticket terminal network and begun operation of a new state-of-the-art computer centre as part of this commitment.

The future also holds the relocation of our corporate headquarters to Sault Ste. Marie. Our move will, in a variety of ways, inject much needed economic stimulation into the city. We are pleased to see the Sault community welcome us so warmly.

We look forward to this and other corporate challenges with enthusiasm and a firm commitment to our goal of service to the people of Ontario.

Walter G.D. Stothers  
Chairman of the Board

## Ten Year Review-Operating Highlights (\$Millions)

	1977/78	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87
Sales	240.4	235.1	323.8	490.3	506.9	550.1	661.8	812.0	1,007.8	1,336.8
Commissions	24.2	22.5	28.3	41.2	41.4	44.1	50.3	60.6	75.4	100.2
Prizes	108.3	123.9	182.7	270.3	271.9	294.4	341.0	415.5	510.9	673.8
Total Operating Expenses	11.4	14.5	22.2	36.7	45.0	54.4	58.4	91.7	107.2	109.9
Interest	1.9	2.5	4.3	6.7	8.9	6.4	4.6	5.4	6.4	5.8
Net Profit	98.4	62.6*	92.8*	148.8	157.5	163.5	216.7	249.6	320.7	458.7
Number of Games	2	3	3	4	4	5	6	6	6	6

\*After extraordinary expenses



With gross ticket sales of \$1.337 billion, Ontario's lotteries have continued their record-breaking history.

More people than ever are being entertained by lotteries, with 55 per cent of Ontario adults playing lotteries regularly.

This continuing support resulted in \$673.8 million in prizes and \$458.7 million in lottery profits.

Throughout the fiscal year we continued to monitor players' wants and needs to produce a variety of game innovations. We revamped Wintario, our original game. We offered players a choice of Instant games and we introduced Replay, allowing Lotto 6/49 players to play two consecutive draws at a time.

Despite escalating costs in both ticket printing and telecommunications, the Corporation improved its operating efficiency by more than two per cent, reducing operating expenses (less interest income) to 7.8 per cent of gross sales from 10.0 per cent recorded in the last fiscal year. Ensuring the cost effectiveness of the Corporation's operations will remain an on-going priority.

Plans are already being formulated to move our headquarters from Toronto to Sault Ste. Marie in late 1989 or early 1990. We will be recruiting staff in Sault Ste. Marie who will be trained in Toronto for return to the Sault. One such program already in place has established trainee positions for computer science graduates from Sault College

and Algoma University. In addition, policies are being drawn up to ensure all staff, those who relocate to Sault Ste. Marie and those who are unable to move, are fairly treated.

Thanks must go to those people who make Ontario's lotteries happen... our board of directors, our distributors, 250 employees and our 11,500 retailers province-wide. To them I extend the gratitude of the Corporation for a job well done.

Our strongest thanks go to our dedicated players, who for the last dozen years have enthusiastically supported their lotteries. To you we repeat our pledge of responsible, secure and efficient lottery administration to ensure the on-going contribution of lotteries to Ontario.

A handwritten signature in blue ink that reads "D. Norman Morris".

D. Norman Morris  
President





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(342)

**Super Loto**

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Draw / tirage 080  
31 August / août 1986

14 Sept. / sept. 1986

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QUATRE-VINGT-SEPT

white-tailed deer  
cerf de Virginie



# Y E A R I N R E V I E W



**Top photo:**  
Wintario hosts Faye Dance and Greg Beresford helped celebrate the game's 500th draw, March 12, 1987.

**Bottom photo:**  
For his outstanding contribution to Ontario's lottery industry, Bob Simpson, of Powassan, was named OLC's distributor of the year in January 1987.

**Photo left:**  
The Metro Toronto Convention Centre was the scene of the highly successful Lucky Millions Sweeps draw Dec. 11, 1986. Fifty-one finalists vied for the \$1 million top prize.



With more sales, more prize money and more profits than ever before, fiscal 1986/87 was truly another winning year for the people of Ontario.

Lotto 6/49, the very popular on-line game, and the Instant or scratch and win game, dominated the lottery sales scene.

Run jointly with other Canadian provinces through the Interprovincial Lottery Corporation, Lotto 6/49 recorded sales of \$633.8 million in Ontario. Fuelled by public interest in multi-million dollar jackpots, sales rose 65 per cent from 1985/86, accounting for \$266.4 million of our total profits. The game also generated the third largest Jackpot in Canadian history, \$11 million, claimed in October 1986.

Instant game sales increased \$88 million, finishing the fiscal year with a \$283 million total. This rise was partly the result of offering players a choice of several Instant games at one time. Live million dollar sweepstakes draws, featured on two versions of the game during this year, enhanced player participation.

Wintario, the game that started it all 12 years ago, bounced back in 1986/87. A revamped prize structure with an instant-win feature helped boost sales to \$171.5 million this year, up more than \$30 million from 1985/86. Canada's only travelling lottery show, Wintario offered two successful four-week Instant Cars 'n' Cash bonus promotions during the year, with a total of \$4.8 million in bonus prizes available. Wintario reached its 500th draw milestone on March 12. At that time, Wintario had generated over \$550 million in profits and over 94 million prizes for the people of Ontario.

During 1986/87, Provincial, the original interprovincial game, celebrated a decade of operation. The game marked its 10th anniversary with a bonus draw offering over \$5 million in extra prizes. Total sales for the year were \$47.5 million.

Lottario, Ontario's own on-line game, recorded sales of \$161 million, down \$36 million from the

preceding year. This game continues to reflect the impact of Lotto 6/49's larger jackpots and twice-weekly format.

Super Loto, the third interprovincial game, moved to an every-second-Sunday format in May 1986, with tickets eligible for two consecutive draws. Bonus draws offered 500 Cadillacs during July and August and 500 Lincoln Town cars during January and February. Gross sales for the year were \$40 million.

Responding to public demand, the Corporation introduced the Replay feature to Lotto 6/49 allowing customers to play two consecutive draws.

Ontarians saw their lotteries at work through the travelling Wintario draw, our information display and our speaker's bureau.

To improve service to our customers and meet our future computer demands, we put a new multi-million dollar data centre into operation. Our old computer centre now serves as a backup site ensuring continued availability of our on-line games in the event of a system failure at the new facility.

And the announcement of the Corporation's relocation to Sault Ste. Marie in late 1989 charts a new direction for us. The Corporation has a major role to play in the government's northern initiatives program which will assist resource-based economies plan for the future.





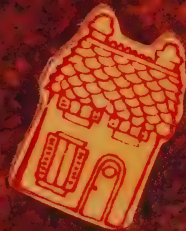
## Wanted a car but he settles for \$1 million

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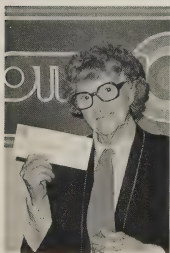




# W I N N E R S



**Top photo:** Michael Niganiwina of Iron Bridge waved his hat as he drove off in the MG replica car he won in Wintario's 1986 summer bonus.



**Bottom photo:** Evelyn Picken of Toronto let OLC's Quick Pick computer choose her numbers for the May 24, 1986 Lottario draw. It was a wise choice. She won \$1.7 million.

**Photo left:** Nurani and Mohamed Samji of Bramalea won the year's largest prize, just over \$11 million in Lotto 6/49.



very minute of every day, over 100 people win a lottery prize ... everything from a free ticket to multi-million dollar jackpots. Each one of them enjoys the thrill of winning.

During the 1986/87 fiscal year the Ontario Lottery Corporation offered 80 million prizes worth a total of \$673.8 million. It brought our 12-year total to 280 million prizes worth \$3.3 billion.

The year's largest prize, just over \$11 million in the Oct. 1, 1986 Lotto 6/49, went to Nurani and Mohamed Samji. It was a sharp turn in luck for the Bramalea couple for they had seen their brand new home burn to the ground just two months earlier. Their prize was the third largest in Canadian lottery history.

Lotteries know no bounds of gender, income bracket or age. Eight out of 10 people have played lotteries and every type of person wins. There were young winners, like Larry Damphouse, 23, of Windsor, who walked away with \$1 million in Lucky Million Sweeps. And there were senior citizen winners like Evelyn Picken whose Quick Pick Lottario ticket won her \$1.7 million on May 24, 1986.

Larry planned to use part of his winnings to pay off his parents' mortgage and send his grandparents on a trip around the world. Evelyn, in her late 70s, said she wanted to take the Concorde Supersonic jet to visit relatives in England and renovate her Toronto home.

And then there are the "super lucky" who win more than one major prize. Henry Tilbury of Sudbury is one of those people. The 51-year-old businessman won a \$10,000 instant bonus prize in Provincial in September 1986, only to win \$717 the next day in Lottario. Just days later he bought four more Provincial tickets and won another \$10,000 instant bonus. These windfalls were in addition to Mr. Tilbury's \$100,000 win in the April 4, 1985 Wintario.

"I don't really know where my luck comes from," he told the media, "but I am superstitious. I have a four-leaf clover and I wear a gold horseshoe

pendant on a chain around my neck."

An on-going review of our winners continues to show that those who win lotteries are very sensible. A survey of 699 recipients of \$100,000 or more showed that only 7.2 per cent gave up their jobs. Even among those who won \$1 million or more, 67.6 per cent kept working.

Most winners bank or invest their money (80.1%), 28.9 per cent buy a new home or pay off their mortgage, 30.1 per cent buy a new vehicle, 25.8 per cent take a vacation and 47.5 per cent share winnings with family and charities.

Another myth shattered by our survey is that winners find requests for donations a problem. Only 2.8 per cent reported problems with being solicited for donations and 91.3 per cent said they were treated fairly by the news media.

But lottery winners don't always get the prize they're after ... sometimes they do better! Holger Fischer, 61, of Toronto is one of those winners. He hoped to win a brand new Cadillac sedan de ville in the August 1986 Super Loto instant scratch bonus. He didn't win a car, but don't feel sorry for him. Instead he collected the \$1 million top prize!

	Gross sales	\$171.5 million
	Net profit	\$ 19.1 million
	Gross sales	\$161.0 million
	Net profit	\$ 56.8 million
	Gross sales	\$283.0 million
	Net profit	\$ 90.3 million
	Ontario gross sales	\$ 47.5 million
	Ontario net proceeds	\$ 16.1 million
	Ontario gross sales	\$ 40.0 million
	Ontario net proceeds	\$ 10.0 million
	Ontario gross sales	\$633.8 million
	Ontario net proceeds	\$266.4 million

# Province awards research grants

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ILLET GRATUIT





# G R A N T S



**Top photo:**  
With the help of lottery grants, cultural organizations like the Canadian Opera Company are enriching life in Ontario.

**Bottom photo:**  
Since 1975, Ontario lotteries have assisted a wide variety of sports and recreation projects.

**Photo left:**  
At the University of Toronto Dr. Maire Percy, assistant professor and Martin Somerville, a PhD student, are part of a lottery-funded project studying the causes of Alzheimer's Disease.

## T

TOGETHER WE'RE MAKING GOOD THINGS HAPPEN... When it comes to Ontarians and their lotteries, truer words were never spoken. And the evidence is everywhere.

Residents of a small town gather for the opening of their brand new recreation centre. Lottery dollars added to the funds raised by the community.

A local hospital has the government funding needed to build a new chronic care wing. Lotteries helped.

The curtain goes up at a magnificently restored theatre. The audience applauds both the actors and the restoration, made possible, in part, by lotteries.

Lottery grants have touched the lives of people in every corner of the province. Athletes, service clubs, the elderly, universities, the mentally handicapped and others have all been the beneficiaries of lottery dollars.

This fiscal year, total profits from Ontario lotteries since 1975 broke the \$2 billion mark, thanks to over \$458.7 million raised during 1986/87.

Lottery profits are paid into the province's Consolidated Revenue Fund and distributed by the government to a wide variety of important projects and programs.

Lottery profits from Ontario-only games (Wintario, Lottario and Instant) support physical fitness, sports, culture and recreation. Profits from Provincial, Super Loto and Lotto 6/49 (interprovincial games) are used for health and environmentally-related health research, hospital building and equipment, senior citizen housing, the Trillium Foundation and other emerging priorities.

This year, the Ministry of Tourism and Recreation directed \$45.6 million in lottery-based grants to communities and organizations. These funds helped build, renovate or update fitness facilities across the province. Other programs, like Best Ever Ontario, supported the training and development of Ontario's top amateur athletes. Lottery dollars also assisted sports groups host or

travel to major athletic competitions, train coaches and increase sports participation among women, seniors, the disabled and young people.

\$82.2 million in grants for arts, heritage, library and citizenship was distributed through the Ministry of Citizenship and Culture. Recipients include the Shaw Festival in historic Niagara-on-the-Lake and the McMichael Canadian Collection in Kleinburg.

Through the ministries of Health and Community and Social Services, tens of millions of lottery dollars were pumped back into the province.

Health ministry projects included chronic care facilities and health research. Community and Social Services provided capital for homes for the aged and its lottery-funded research program assisted the study of issues affecting the developmentally handicapped, the elderly and the physically disabled.

Through the Ontario Trillium Foundation, province-wide social service organizations shared \$15 million in lottery profits during 1986/87. To date, total grants and pledges approved by the foundation amount to \$68.9 million to 67 charity groups. This sum has directly or indirectly assisted more than 2,800 local branches and member groups around the province.

Recipients include the United Way, the Ontario Lung Association, Big Brothers, Big Sisters, the Arthritis Society, Epilepsy Ontario and the list goes on. These grants have furthered the work of over 120,000 volunteers who dedicated their time and effort on behalf of over one million people.



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Ontario





**Top photo:** Sault Ste. Marie's Algoma Steel produces a full range of steel products and is the city's largest employer.

**Bottom photo:** Mr. Bon Soo welcomes all to the Ontario Winter Carnival. With over 100 events, Bon Soo is one of Canada's largest winter carnivals.

**Photo left:** OLC's new headquarters will be located in the heart of the Sault's waterfront, shown here from a bird's eye view.

**T**he Ontario Lottery Corporation has yet to move to Sault Ste. Marie, but already the impact is being felt. Sault businesses are getting directly involved in the project. Sault residents are working as corporate trainees and the community is preparing for the arrival of what will be one of the city's most visible businesses.

Our move, announced by Ontario Premier David Peterson July 8, 1986, is part of the provincial government's Northern Ontario Relocation Program (NORP), designed to diversify the north's resource-based economy.

OLC's northern home will be part of a new government complex located right in the heart of the Sault's waterfront, which is undergoing extensive government-assisted redevelopment.

Plans are moving ahead for construction of the 27,870 square metre government complex. The Sault architectural firm Gugula/Smedley/Mezzomo is designing the facility which will house OLC and relocated staff from the Ministry of Natural Resources Forest Resources Group and the Ministry of the Solicitor General Forensic Science lab.

Tenders for construction should be announced late in 1987 with building likely to start in early 1988. The facility should be ready for occupation in late 1989 or early 1990.

Moving the Ontario Lottery Corporation will, in a variety of ways, have a noticeable effect on business life in the Sault.

Our annual payroll should directly inject some \$7 million into the economy which will translate into goods and services such as houses, cars and clothing.

Purchasing will be co-ordinated through our Sault Ste. Marie headquarters, offering Northern Ontario firms a chance to become involved in providing a variety of goods and services.

The sophisticated communication lines that will link our computers to the rest of the province will introduce state-of-the-art technology to the Sault and this, it is hoped, could attract other hi-tech firms to northwestern Ontario.

The Corporation is committed to moving as much of its operations as possible to the Sault. Initially about 180 jobs will move from our marketing, sales and distribution, operations, corporate communications and computer services divisions.

We will open a second prize office and a new data centre in the Sault. We will still maintain a major prize office in Toronto as well as a backup data centre.

In preparation for the move, we are recruiting key staff in Sault Ste. Marie who will move to Toronto for training and transfer once relocation takes place. In co-operation with Sault College and Algoma University we have established trainee positions for computer science graduates. This program offers two major benefits: jobs for Sault residents and the assurance of trained computer staff before, during and after the move.

To ensure a smooth relocation with little impact on Ontario's lottery players and OLC staff, extensive relocation plans are being formulated. Employees who move and those who are unable to relocate will be treated as fairly and equitably as possible.

The Ontario Lottery Corporation is proud to be part of the revitalization of Northern Ontario and we look forward to the day we can call Sault Ste. Marie home.



# EXPLANATION OF FINANCIAL PERFORMANCE

In the 1986/87 fiscal year, the Corporation recorded gross sales of \$1.337 billion, \$329 million more than the previous year.

This sales increase created a rise in net profits to \$458.7 million which was turned over to the Ontario government for use in various grant programs.

Prizes reached \$673.8 million, representing 50.4 per cent of gross sales. Prizes ranged from free tickets to \$11 million.

Unclaimed prize money at \$45.7 million was up \$3.8 million from last year. For financial reporting purposes, all unclaimed prize money is combined under the heading "prize money unclaimed".

Of this amount, \$17.4 million is for draws less than one month old and \$15.7 million for draws one to 12 months old. Only \$12.6 million is from draws over 12 months old which have actually expired. These funds are available for bonus prizes.

Commissions provided important income for some 11,500 ticket retailers and 47 independent distributors this year. At \$100.2 million, commissions rose \$24.8 million in fiscal 1986/87 because of increased sales.

Retailers receive a commission of eight per cent for selling Wintario and Instant tickets and five per cent for other games. Prize redemption fees are also paid. Distributors receive one per cent commission on Instant tickets, an average of 2.5 per cent on Wintario, Provincial and Super Loto and a weekly service fee of \$3 per terminal for delivering supplies to on-line lottery terminals in their territory.

Operating costs of \$109.9 million, which comprises advertising, administration and equipment plus the payment to the federal government, represented 8.2 per cent of gross sales. Interest income reduced this to 7.8 per cent.

The payment of \$26.3 million to the federal government, under two separate federal-provincial agreements, was only slightly higher than the previous year.

The first agreement signed in 1979 saw the federal government agree to withdraw from the lottery field in return for quarterly payments from the provinces. Ontario's share for the fiscal year was \$14.1 million.

In the second federal-provincial agreement reached in 1985, the federal government agreed to stay out of the gaming and betting field. For this, the provinces agreed to provide an additional \$100 million to the federal government in three equal annual instalments. Ontario's share of this payment was \$12.2 million.

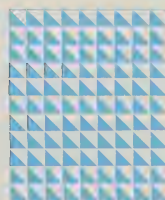
The Corporation's board of directors were paid a total of \$20,463 in per diems in the year for attending formal business meetings.

Sales Year Ending March 31, 1987 (\$MILLIONS)			
	CASH SALES	FREE TICKETS	TOTAL
Wintario	123	48	171
Lottario	161	—	161
Instant	255	28	283
Provincial	47	—	47
Super Loto	34	6	40
Lotto 6/49	634	—	634
	1,254	82	1,336

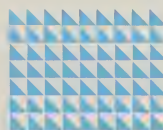
## DISTRIBUTION OF SALES

Gross Sales 100.0%

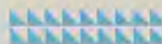
1986/87



Prizes  
50.4%



Net profit  
34.3%



Operating expenses  
7.8%



Commissions  
7.5%



# Ontario Lottery Corporation

## B A L A N C E S H E E T

as at March 31, 1987

	1987	1986
	(\$000's)	(\$000's)
<b>Assets</b>		
<b>Current Assets</b>		
Cash	20,285	32,277
Prize funds on deposit	45,708	41,856
Due from Interprovincial Lottery Corporation	7,282	3,019
Accrued interest	450	800
Accounts receivable	2,285	8,260
Prepaid expenses	518	38
	<u>76,528</u>	<u>86,250</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Prize money unclaimed	45,708	41,856
Net profits due to Treasurer of Ontario	1,570	7,834
Accounts payable and accrued liabilities	11,087	19,950
Due to Government of Canada (note 4)	3,000	3,000
Deferred income	15,163	13,610
	<u>76,528</u>	<u>86,250</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

# Ontario Lottery Corporation

## STATEMENT OF NET PROFITS DUE TO TREASURER OF ONTARIO

for the year ended March 31, 1987

	1987	1986
	(\$000's)	(\$000's)
<b>Balance, beginning of year</b>	7,834	4,137
<b>Net profits</b>	458,736	320,697
	466,570	324,834
<b>Less payments to Treasurer of Ontario</b>		
(note 3)	465,000	317,000
<b>Balance, end of year</b>	1,570	7,834

See accompanying notes to financial statements.

**S T A T E M E N T O F O P E R A T I O N S**

for the year ended March 31, 1987

15

	1987	1986
	(\$000's)	(\$000's)
<b>Sales</b>		
Cash ticket sales	1,254,438	946,449
Free tickets	82,385	61,381
	<u>1,336,823</u>	<u>1,007,830</u>
<b>Prizes and Commissions</b>		
Prizes (note 2)	591,388	449,584
Free tickets	82,385	61,381
Commissions – retailers and distributors	100,158	75,399
	<u>773,931</u>	<u>586,364</u>
<b>Sales Less Prizes and Commissions</b>	<u>562,892</u>	<u>421,466</u>
<b>Operating Expenses</b>		
Administration and other expenses	29,621	24,557
Advertising	18,970	20,684
Equipment	18,850	24,517
Payments to Government of Canada (note 4)	26,294	25,666
Ticket printing	16,189	11,755
	<u>109,924</u>	<u>107,179</u>
<b>Operating income</b>	452,968	314,287
<b>Interest income</b>	5,768	6,410
	<u>458,736</u>	<u>320,697</u>
<b>Net profits</b>		
	<u>458,736</u>	<u>320,697</u>

See accompanying notes to financial statements.



## NOTES TO FINANCIAL STATEMENTS

March 31, 1987

## 1. SIGNIFICANT ACCOUNTING POLICIES

## (a) Basis of accounting

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles except for fixed assets which are written off to operations at the time of acquisition.

## (b) Deferred income

Revenues related to ticket sales where a draw has not taken place as of March 31 are deferred.

## 2. INTERPROVINCIAL LOTTERY CORPORATION

The Provincial, Super Loto and Lotto 6/49 lotteries are joint undertakings by all Provinces acting through the Interprovincial Lottery Corporation (ILC), a company whose shares are held by Her Majesty the Queen in right of the Provinces. Ontario Lottery Corporation is the regional marketing organization for these games in Ontario. The Corporation purchases tickets for the three games from ILC and manages their sale throughout the Province.

Prizes for these games are composed of Ontario's proportional shares of prizes based on the number of tickets sold and Ontario's proportional share of ILC's net operating expenses. The Corporation's share of these net operating expenses amounted to \$3 million.

## 3. PAYMENTS TO TREASURER OF ONTARIO

Pursuant to section 9 of the Ontario Lottery Corporation Act, the net profits of the Corporation are payable to the Treasurer of Ontario. During the year payments were as follows:

	1987	1986
	(\$000's)	(\$000's)
Lotto 6/49	269,000	155,000
Instant	93,000	57,000
Lottario	57,000	59,000
Wintario	19,000	20,000
Provincial	17,000	14,000
Super Loto	10,000	12,000
	<u>465,000</u>	<u>317,000</u>

## 4. PAYMENTS TO GOVERNMENT OF CANADA

An agreement made in August 1979 between the Government of Canada and the Provinces stipulated that the Government of Canada would withdraw from the sale of lottery tickets effective December 31, 1979. Effective January 1, 1980, the agreement required the Provinces to remit quarterly to the Government of Canada the sum of \$6 million, appropriately adjusted to reflect the effects of inflation. The Provinces agreed to share this cost based on a formula which took into account the population and disposable income. Ontario's share of the payment for the fiscal year ended March 31, 1987 amounted to \$14.1 million.

On June 3, 1985, a second agreement made between the Government of Canada and the Provinces specified that the Government of Canada would refrain from reentering the field of gaming and betting. The agreement required the Provinces to remit to the Government of Canada \$100 million to be paid in three equal installments on or before December 31, 1985, 1986 and 1987. The Provinces have agreed to share these payments based on the formula used for the first agreement. Ontario's share of this payment for the fiscal year ended March 31, 1987 was \$12.2 million.

## 5. COMMITMENTS

## Operating Leases

The Corporation occupies office space under operating leases expiring over terms varying from three to eight years. The minimum rental payments are as follows:

	(\$000's)
1987-88	667
1988-89	667
1989-90	667
1990-91	778
1991-92	730
1992-95	2,372

## Relocation Costs

On July 8, 1986, the government announced its intention to relocate the majority of the Corporation's operations to Sault Ste. Marie. The financial effect of this move cannot be reasonably estimated at this time.

## 6. INCOME TAXES

As a Crown corporation of the Province of Ontario, the Corporation is exempt from income taxes and accordingly no provision is required.

## 7. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with the current year's presentation.



Office of the  
Provincial  
Auditor

To the Board of Directors of the Ontario Lottery Corporation and to the Minister of Tourism and Recreation.

I have examined the balance sheet of the Ontario Lottery Corporation as at March 31, 1987 and the statements of operations and net profits due to Treasurer of Ontario for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1987 and the results of its operations for the year then ended in accordance with the accounting policy described in note 1(a) to the financial statements applied on a basis consistent with that of the preceding year.

A handwritten signature in black ink, appearing to read "D. F. Archer".

D. F. Archer, F.C.A.,  
Provincial Auditor.

Toronto, Ontario,  
July 31, 1987.

## Ontario Lottery Corporation

2 Bloor Street West  
Toronto, Ontario  
M4W 3H8  
(416) 961-6262

### Winning Numbers

Wintario (416) 870-9170

Lottario (416) 870-9122

Provincial (416) 870-9161

Super Loto (416) 870-9135

Lotto 6/49 (416) 870-9134

### An Agency Of:



Ministry of  
Tourism and  
Recreation

Hugh P. O'Neill  
Minister  
Jim W. Keenan  
Deputy Minister

Copies of this report are also available in French





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# Ontario Lottery Corporation

*Annual Report*  
1987/88



Ontario Lottery Corporation

**Front Cover:**

Thanks, in part, to lottery grants, Sunnybrook Medical Centre provides a wide range of rehabilitative care to patients like Matthew Hinton of Scarborough, Ontario.

Sept. 30, 1988  
The Honourable Hugh P. O'Neil  
Minister of Tourism and Recreation  
77 Bloor St., West  
Toronto, Ontario  
M7A 2R9

Dear Mr. O'Neil:

Pursuant to the provisions of the Ontario Lottery Corporation Act, I am pleased to present the annual report of the Ontario Lottery Corporation for the year ending March 31, 1988.

Yours very truly,



Walter G. D. Stothers  
Chairman of the Board

**About the Ontario Lottery Corporation**

The Ontario Lottery Corporation was established in 1975 to develop and manage provincial government lotteries.

Since then, in its capacity as a Crown corporation, it has generated more than \$2.6 billion for the province of Ontario.

The Corporation currently operates Winario, Lottario, Instant (Ontario-only games), Provincial and Lotto 6/49 (interprovincial games).

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## Boardmembers

**Walter G.D. Stothers, FCA,**  
*Thornhill, chairman*  
(April 17, 1986 — Feb. 16, 1989)

**Sandra McKinnon Jolley,**  
*Toronto, vice-chairman*  
(June 2, 1986 — Feb. 16, 1989)

**Anne B. Bender,**  
*Mississauga, director*  
(March 26, 1986 — Feb. 16, 1990)

**Patrick W.E. Hodgson,**  
*London, director*  
(March 26, 1987 — Feb. 16, 1990)

**Chan Yeung Kang, LL.B.,**  
*Willowdale, director*  
(June 2, 1986 — Feb. 16, 1989)

**James David Meekison, MBA,**  
*Toronto, director*  
(Feb. 26, 1987 — Feb. 16, 1990)

**David Polowin,**  
*Nepean, director*  
(Feb. 26, 1987 — Feb. 16, 1990)

**Sandra Elizabeth Severn,**  
*Toronto, director*  
(Feb. 26, 1987 — July 14, 1988)

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## 1987/88 Senior Staff

**Adam J. Hawkins,**  
*executive vice-president*

**J. Michael Holroyde,**  
*vice-president,*  
*Sales and Distribution*

**John MacNabb,**  
*vice-president,*  
*Computer Services*

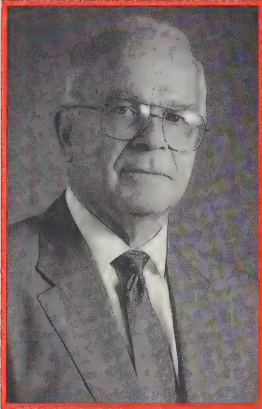
**Murray Dodd,**  
*vice-president,*  
*Marketing*

**Kathy Petrik,**  
*vice-president,*  
*Corporate Communications*

**John Van Camp,**  
*controller*



## **Chairman's Message**



For the second consecutive year Ontario Lottery Corporation (OLC) cash sales exceeded the \$1 billion mark achieving \$1.274 billion.

This year's profits were \$471 million, which brought the 13-year profit total to more than \$2.6 billion.

Seven versions of the Instant game were available throughout the year with a variety of different prize structures. Cash ticket sales were \$276 million, an increase of \$21 million.

The Corporation's original game, Wintario, offered players three bonus promotions of Cars 'n' Cash, returning unclaimed prize money to players. Wintario continues to have the second largest player base of our games. Cash sales totalled \$121 million in fiscal 1987/88.

Lotto 6/49, the nation-wide on-line game run in conjunction with the Interprovincial Lottery Corporation, continued to be the most popular lottery game. Cash sales reached \$672 million.

The remaining three lottery games did not reach the sales levels achieved in the previous year. Super Loto recorded cash sales of \$26 million, \$8 million less than 1986/87. Provincial cash sales for the year totalled \$39 million, down \$8 million from the preceding fiscal period. Lottario, Ontario's own on-line game, recorded cash sales of \$140 million, a decrease of \$21 million.

These cash sales figures reflect the state of maturity of the games and the interest levels of lottery players. Lottery tickets are like other consumer products and services that compete for the entertainment dollar.

All lottery games eventually pass their peak of popularity. They must be redesigned regularly to maintain player interest. In some cases, it is necessary to discontinue the game because of declining player interest – for example, Super Loto, a passive game that has been available since 1980 ended in May 1988.

OLC has always emphasized service to our players. This year the Corporation expanded the number of on-line ticket terminals to more than 5,000. Playing Lotto 6/49 and Lottario will be handier for players in every corner of the province. As well, the OLC introduced a store-fixturing program at selected retail stores across the province to make choosing tickets or checking lottery numbers more convenient.

In fiscal 1987/88 OLC continued to prepare for its relocation, scheduled for 1991, to Northern Ontario. We continued with plans and policies to provide the Corporation with new office space, a state-of-the-art data centre and a smooth transition of personnel and operations to Sault Ste. Marie.

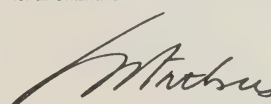
Much of the popularity for Ontario's lotteries can be traced to player enthusiasm for the causes lottery profits support. In fiscal 1987/88, profits were made available for the promotion and development of sports, physical fitness, recreational and cultural activities. The Ministry of Tourism and Recreation distributed \$44 million

in lottery grants, the Ministry of Culture and Communications allocated \$36 million in lottery grants and the Ministry of Citizenship distributed \$13 million in lottery funds.

Lottery profits were also used to assist health research, hospitals, senior citizens' housing and other emerging priorities. In fiscal 1987/88, the Trillium Foundation alone distributed \$17 million in lottery revenues to such recipients as Meals on Wheels, March of Dimes and the Ontario Coalition of Rape Crisis Centres.

I'd like to take this opportunity to thank the exceptional team that makes the Ontario Lottery Corporation so successful... the board of directors, 270 staff members, distributors and retailers. Most of all, I would like to thank the people of Ontario, who support their lotteries with such enthusiasm.

The Corporation serves Ontario. We will continue to offer players fair and entertaining games. We will continue to generate funds for worthwhile public projects that improve the quality of life for all Ontarians.



Walter G.D. Stothers  
Chairman of the Board

#### Ten Year Review-Operating Highlights (\$Millions)

	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88
Cash Sales	220.6	287.4	422.9	448.6	494.7	608.8	759.5	946.4	1,254.4	1,273.9
Commissions	22.5	28.3	41.2	41.4	44.1	50.3	60.6	75.4	100.2	101.1
Prizes	123.9	182.7	270.3	271.9	294.4	341.0	415.5	510.9	673.8	679.6
Total Operating Expenses	14.5	22.2	36.7	45.0	54.4	58.4	91.7	107.2	109.9	109.3
Interest	2.5	4.3	6.7	8.9	6.4	4.6	5.5	6.4	5.8	5.6
Net Profit/Proceeds	62.6*	92.8*	148.8	157.5	163.5	216.7	249.6	320.7	458.7	471.1
Number of Games	3	3	4	4	5	6	6	6	6	6

\*After Extraordinary Expenses

## Financial Performance

In the 1987/88 fiscal year, the Corporation recorded cash sales of \$1.274 billion, almost \$20 million more than the previous year.

This sales increase created a rise in net profits to \$471.1 million which was turned over to the Ontario government for use in various public programs.

Prizes reached \$679.6 million, representing 53.3 per cent of cash sales. Prizes ranged from free tickets to \$6.4 million.

Unclaimed prize money at \$48.7 million was up \$3 million from last year. For financial reporting purposes, all unclaimed prize money is combined under the heading, "prize money unclaimed".

Of this amount, \$17.2 million is from draws less than one month old, \$13.5 million from draws one to 12 months old, and \$18 million from draws over 12 months old. These funds are available for bonus prizes since the claiming period for these prizes has expired.

Commissions provided important income for some 11,500 ticket retailers and 48 independent distributors in this fiscal year. At \$101.1 million, commissions rose \$0.9 million in fiscal 1987/88 because of increased sales.

Retailers received a commission of eight per cent for selling Wintario and Instant tickets and five per cent for other games. Prize redemption fees are also paid. Distributors received one per cent commission on Instant tickets, an average of 2.5 per cent on Wintario, Provincial and Super Loto and a weekly service fee of \$3 per terminal for delivering supplies to on-line lottery terminals in their territory.

Operating costs of \$109.3 million, comprised advertising, administration and equipment plus the payment to the federal government, and represented 8.6 per cent of cash sales. Interest income reduced this to 8.2 per cent.

The payment of \$24 million to the federal government, under two separate federal-provincial agreements, was slightly less than the previous year.

The first agreement, signed in 1979, saw the federal government agree to withdraw from the lottery field in return for quarterly payments from the provinces. Ontario's share for the fiscal year was \$11.7 million.

In the second federal-provincial agreement, reached in 1985, the federal government agreed to stay out of the gaming and betting field. For this, the provinces agreed to provide an additional \$100 million to the federal government in three equal annual installments. Ontario's share of this payment was \$12.3 million in the current year.

The Corporation's board of directors were paid a total of \$14,205 in per diems in the year for attending formal business meetings.

### Sales Year Ending March 31, 1988 (\$Millions)

	Cash Sales	Free Tickets	Total
Wintario	121	47	168
Lottario	140	0	140
Provincial	39	0	39
Super Loto	26	4	30
Lotto 6/49	672	0	672
Instant	276	30	306
Total	1,274	81	1,355

### Distribution of Sales 1987/88

Cash Sales



- Prizes 53.3%
- Net profit 37.0%
- Operating expenses 8.2%
- Commissions 7.9%



# Ontario Lottery Corporation Balance Sheet

as at March 31, 1988

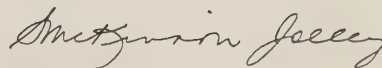
	1988	1987
<b>Assets</b>		
	(\$000's)	(\$000's)
<b>Current Assets</b>		
Cash	19,897	20,285
Prize funds on deposit	48,708	45,708
Due from Interprovincial Lottery Corporation	4,146	7,282
Accrued interest	430	450
Accounts receivable	2,263	2,285
Prepaid expenses	336	518
	<u>75,780</u>	<u>76,528</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Prize money unclaimed	48,708	45,708
Net profits due to Treasurer of Ontario	2,705	1,570
Accounts payable and accrued liabilities	12,764	11,087
Due to Government of Canada (note 5)	—	3,000
Deferred income	11,603	15,163
	<u>75,780</u>	<u>76,528</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

**Ontario Lottery Corporation**  
**Statement of Net Profits due to Treasurer of Ontario**  
*for the year ended March 31, 1988*

	1988	1987
	(\$000's)	(\$000's)
<b>Balance, beginning of year</b>	1,570	7,834
<b>Net profits</b>	471,135	458,736
	472,705	466,570
<b>Less payments to Treasurer of Ontario</b> (note 4)	470,000	465,000
<b>Balance, end of year</b>	2,705	1,570

See accompanying notes to financial statements.

# Ontario Lottery Corporation

## Statement of Operations

for the year ended March 31, 1988

	1988	1987
	(\$000's)	(\$000's)
<b>Sales</b>		
Cash ticket sales	1,273,923	1,254,438
Free tickets	81,666	82,385
	<u>1,355,589</u>	<u>1,336,823</u>
<b>Prizes and Commissions</b>		
Prizes (note 3)	597,952	591,388
Free tickets	81,666	82,385
Commissions – retailers and distributors	101,056	100,158
	<u>780,674</u>	<u>773,931</u>
<b>Sales Less Prizes and Commissions</b>	<u>574,915</u>	<u>562,892</u>
<b>Operating Expenses</b>		
Administration and other expenses	33,177	29,621
Advertising	21,702	18,970
Equipment	15,209	18,850
Payments to Government of Canada (note 5)	24,034	26,294
Ticket printing	15,213	16,189
	<u>109,335</u>	<u>109,924</u>
<b>Operating income</b>	465,580	452,968
<b>Interest income</b>	<u>5,555</u>	<u>5,768</u>
<b>Net profits</b>	<u>471,135</u>	<u>458,736</u>

See accompanying notes to financial statements.



# Ontario Lottery Corporation

## Notes to Financial Statements

March 31, 1988

### 1. NATURE OF THE CORPORATION

The Ontario Lottery Corporation was incorporated without share capital on February 6, 1975 pursuant to the Ontario Lottery Corporation Act. The Corporation is responsible for the conduct and management of lottery games in Ontario. The Wintario, Lottario and Instant lotteries are conducted solely by the Corporation, whereas, the Provincial, Super Loto and Lotto 6/49 lotteries are joint undertakings by all Provinces acting through the Interprovincial Lottery Corporation (ILC). The Ontario Lottery Corporation purchases tickets for the Provincial, Super Loto and Lotto 6/49 lotteries from the ILC and manages their sale throughout Ontario.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of accounting

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles except for fixed assets which are written off to operations at the time of acquisition.

#### (b) Revenue recognition

Revenues are deferred on ticket sales where a draw has not taken place as of March 31.

### 3. PRIZES

Included in prizes is the Corporation's share of prizes for ILC games and its share of ILC's net operating expenses. These prizes and net operating expenses for the year amounted to \$331.8 and \$1.5 million respectively (1987 - \$321.8 and \$3.0 million).

### 4. PAYMENTS TO TREASURER OF ONTARIO

The net profits of the Corporation are payable to the Treasurer of Ontario. During the year payments were as follows:

	1988 (\$000's)	1987 (\$000's)
Lotto 6/49	284,000	269,000
Instant	96,000	93,000
Lottario	50,000	57,000
Wintario	18,000	19,000
Provincial	14,000	17,000
Super Loto	8,000	10,000
	<u>470,000</u>	<u>465,000</u>

### 5. PAYMENTS TO GOVERNMENT OF CANADA

The various provincial lottery corporations make remittances to the Government of Canada under two separate agreements dated August 1979 and June 1985. The first agreement stipulates that the Government of Canada will not participate in the sale of lottery tickets. The second agreement, which terminated on December 31, 1987, prevented the Government of Canada from re-entering the field of gaming and betting. Payments for the year amounted to approximately \$12 million for each of these agreements.

### 6. COMMITMENTS

On July 8, 1986, the government announced its intention to relocate the majority of the Corporation's operations to Sault Ste. Marie. The Corporation's commitment with respect to the land and building to be occupied by the Corporation cannot reasonably be determined at this time. Other costs associated with the move are anticipated in the amount of \$20 million. Actual costs to date are nominal and have been included in Administration and other expenses.

The Corporation also has commitments for office space in Toronto under operating leases expiring June 1995 totalling \$3 million.

### 7. INCOME TAXES

As a Crown corporation of the Province of Ontario, the Corporation is exempt from income taxes and accordingly no provision is required.



Office of the  
Provincial  
Auditor

**To the Board of Directors of the Ontario  
Lottery Corporation and to the Minister of  
Tourism and Recreation.**

I have examined the balance sheet of the Ontario Lottery Corporation as at March 31, 1988 and the statements of operations and net profits due to Treasurer of Ontario for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policy described in note 2(a) to the financial statements applied on a basis consistent with that of the preceding year.

A handwritten signature in cursive script, reading "Douglas Archer".

D. F. Archer, F.C.A.,  
Provincial Auditor.

Toronto, Ontario,  
June 27, 1988.



## Ontario Lottery Corporation

2 Bloor Street West  
Toronto, Ontario  
M4W 3H8  
(416) 961-6262

### Winning Numbers

Wintario (416) 870-9170  
Lottario (416) 870-9122  
Provincial (416) 870-9161  
Lotto 6/49 (416) 870-9134

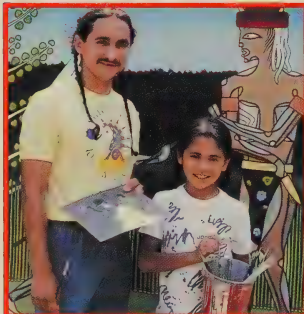
### An Agency Of:



Ministry of  
Tourism and  
Recreation

Hugh P. O'Neil  
Minister

On peut aussi se procurer ce rapport en français.



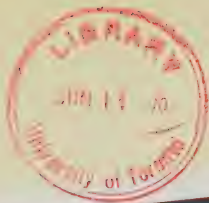
Top Photo: With the help of a \$3.1 million lottery grant, Mississauga's Credit Valley Hospital, a 418-bed facility for acute, chronic and rehabilitative care, opened in November 1985.

Middle Photo: Lotteries strengthen the multicultural fabric of Ontario by supporting a variety of projects including the Indian Art displayed at Serena Gundy Park in Toronto.

Bottom Photo: The Canadian Hearing Society is the recipient of several lottery grants distributed through the Trillium Foundation.







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*Annual Report 1989*

Sept. 30, 1989

The Honourable Ken Black  
Minister of Tourism and Recreation  
77 Bloor St., West  
Toronto, Ontario  
M7A 2R9

Dear Mr. Black:

Pursuant to the provisions of the Ontario Lottery Corporation Act, I am pleased to present the annual report of the Ontario Lottery Corporation for the year ending March 31, 1989.

Yours very truly,



Walter G.D. Stothers  
Chairman of the Board

## **Board Members**

**Walter G.D. Stothers, FCA**  
Thornhill, chairman  
(April 17, 1986 - Feb. 16, 1992)

**Sandra McKinnon Jolley**  
Toronto, vice-chairman  
(June 2, 1986 - Feb. 16, 1992)

**Anne B. Bender**  
Mississauga, director  
(March 26, 1987 - Feb. 16, 1990)

**Patrick W.E. Hodgson**  
London, director  
(March 26, 1987 - Feb. 20, 1989)

**Donald K. Jackson**  
Toronto, director  
(July 14, 1988 - Nov. 28, 1989)

**Chan Yeung Kang, LLB**  
Downsview, director  
(June 2, 1986 - Feb. 16, 1992)

**James David Meekison**  
Toronto, director  
(Feb. 26, 1987 - Feb. 16, 1990)

**David Polowin**  
Nepean, director  
(Feb. 26, 1987 - Feb. 16, 1990)

## **Senior Staff**

**Ian Nielsen-Jones**  
president

**Adam J. Hawkins**  
executive vice-president

**J. Michael Holroyde**  
vice-president  
Sales and Distribution

**John MacNabb**  
vice-president  
Computer Services

**Kathy Petrik**  
vice-president  
Corporate Communications

**Philip Rowlett-Smith**  
vice-president  
Marketing

**John Van Camp**  
controller

### *Front cover:*

*Violda Forbes tends her patient,  
Pat Wasser, at the Baycrest Centre  
for Geriatric Care which was funded,  
in part, by a lottery grant.*

## About the Ontario Lottery Corporation

The Ontario Lottery Corporation was established in 1975 to develop and manage provincial government lotteries.

The Corporation currently operates Wintario, Lottario, Instant, Pick-3 (Ontario-only games), Provincial, Lotto 6/49 and periodic special event games (inter-provincial games).

In its capacity as a Crown corporation, it has generated more than \$3 billion for the province of Ontario.

Profits are made available for sports, physical fitness, recreational and cultural activities through the ministries of Tourism and Recreation and Culture and Communications. Other beneficiaries have included health research, hospitals, senior citizens' housing, province-wide charities through the Trillium Foundation and other emerging priorities.



### 1988/89 Highlights

Sales	• Cash sales were \$1.3 billion, up \$26 million
Profit	• \$484 million, up \$13 million
Prizes	• cash prizes - \$608 million, up \$10 million
Prize Money Unclaimed	• consists of prizes unclaimed from 0-1 month (\$14.3 million); 1-12 months (\$12.5 million) and over 12 months (\$21.3 million)
Operating Expenses	• maintained a level of 8.1% of cash sales • operating expenses, net of interest income were \$105.8 million, up \$2 million
Commissions	• \$102.4 million, up \$1.3 million
New Games	• Pick-3 launched January 1989

### Ten Year Review-Operating Highlights (\$Millions)

	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89
Cash Sales	287.4	422.9	448.6	494.7	608.8	759.5	946.4	1,254.4	1,273.9	1,300.6
Commissions	28.3	41.2	41.4	44.1	50.3	60.6	75.4	100.2	101.1	102.4
Prizes	182.7	270.3	271.9	294.4	341.0	415.5	510.9	673.8	679.6	685.6
Total Operating Expenses	22.2	36.7	45.0	54.4	58.4	91.7	107.2	109.9	109.3	112.1
Interest	4.3	6.7	8.9	6.4	4.6	5.5	6.4	5.8	5.6	6.3
Net Profit/Proceeds	92.8*	148.8	157.5	163.5	216.7	249.6	320.7	458.7	471.1	484.1
Number of Games	3	4	4	5	6	6	6	6	6	6

\*After Extraordinary Expenses



## Chairman's Report

The Ontario Lottery Corporation's cash sales and profit for fiscal year 1988/89 reached \$1.3 billion and \$484 million respectively, representing modest increases over last year's results of \$1.27 billion and \$471 million.

Cumulative profit handed over to the government of Ontario for important public projects has exceeded \$3 billion during the Corporation's 14-year history.

This year's financial results demonstrate significant success in our business strategy to counter the consequences of product maturity. Our ongoing objective is to maintain a stable source of funding for the government of Ontario for the worthwhile projects being helped by lottery dollars.

With a strong focus on new and revitalized games and innovative bonus draws, we are fulfilling our commitment to lottery players to provide low-cost entertainment and a variety of product choices.

Looking to the future, exciting products along with stimulating promotional activities will reflect the Corporation's strong consumer orientation.

In tandem with its business responsibilities, the Corporation continues to prepare for its relocation to Sault Ste. Marie as part of the government's Northern Ontario Relocation Program. Construction on the new government building, which will house the Corporation's head office, began in January 1989 and is expected to be completed by late summer 1991.

The move to Sault Ste. Marie will provide employment opportunities, new customers for local businesses and stimulus for the construction industry in Northern Ontario.

To permit an orderly transition into its new community, the Corporation has planned to relocate its staff in a series of phases. The first phase began in October 1989 with the relocation of some 90 positions throughout the Corporation into interim office facilities.

The Corporation's accomplishments in the past years are a direct reflection of our most valued resource: quality people. Our board of directors, employees, distributors and 11,000 retailers across the province have the determination and vision to carry us into the next decade.

Our most sincere thanks continue to go to our lottery players. Their ongoing support will continue to translate into a better quality of life for all Ontarians.



Walter G.D. Stothers  
Chairman of the Board



## President's Report



The Ontario Lottery Corporation faces challenges familiar to many established lottery jurisdictions. With games nearing the end of their product life cycle, marketing emphasis is focused on keeping our products fresh and exciting. At the same time, OLC's management is committed to ensuring ongoing efficiency and effectiveness by constantly reviewing operations.

With cash sales of \$1.3 billion, the 1988/89 fiscal year represented the first stage in a long-term strategy to provide players with a wide selection of new and entertaining products and thereby maintain moderate sales and profit growth.

In January, we added Pick-3 to our product line composed of Wintario, Instant, Lottario, Provincial, Lotto 6/49 and periodic special event games. Pick-3 meets the needs of a different market segment of lottery players – those who want a lottery game available on a daily basis.

Pick-3, which is played in other North American jurisdictions, allows players to choose to play and win by matching three numbers 'straight' (in the same order drawn) or 'boxed' (in any order).

Lotto 6/49, a game operated in conjunction with other Canadian provinces, continues to be the most popular game in Ontario. Sales of \$719 million exceeded last year's by \$47 million. Contributing to this performance were two successful bonus draws in which \$10 million jackpot prizes were guaranteed for the last five draws of October and March.

As well, eight versions of the Instant game were introduced, offering players a wide choice of games and prize structures. Cash sales of \$285 million were generated in this second-most popular game format.

Mature products, Wintario and Lottario, continued to lose ground with \$100 million and \$124 million in cash sales respectively being recorded. Provincial cash sales increased for the first time in several years by over \$3 million, to \$43 million, as a result of a game change doubling its top prize to \$1 million.

Hand in hand with these game developments goes the assurance that security and integrity will continue to be the cornerstone of the Corporation.

Every aspect of our lotteries functions under the most secure conditions possible. Ticket security challenges during the fiscal year led to new developments in OLC product testing, which continues to be amongst the most rigorous of any North American lottery jurisdiction. All security procedures are consistently reviewed and enhanced to meet changing industry and technological standards.

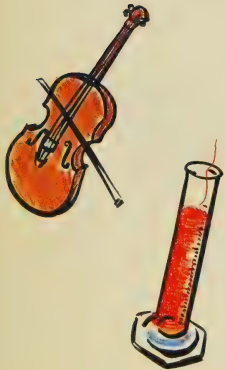
To ensure accessibility and convenience to players, the Corporation will expand its on-line terminal network from 5,500 to 6,000 terminals. Further expansion to 8,000 terminals is planned for the next two fiscal years. In addition, we now offer bilingual services to our retailers and the general public.

The 1989/90 fiscal year will be my first as president of the Ontario Lottery Corporation. While it is truly challenging for an organization to keep its momentum after an unprecedented history of growth, change is a constant in the lottery industry. As we move into the next decade, the Corporation is eager to meet the opportunities presented.

We are looking forward to our new Northern Ontario home, Sault Ste. Marie; we are developing exciting new products for our players, and Ontarians can look forward to lottery profits continuing to help make this province an even better place to live.

A stylized, handwritten signature in dark ink, reading "I. Nielsen-Jones".

Ian Nielsen-Jones  
President



## Prizes

Total prizes consist of cash prizes and free tickets. Cash prizes reached \$608.3 million, representing 46.8% of cash sales. Free ticket prizes amounted to \$77.3 million.

(\$ Millions)	1988/89	1987/88
Cash prizes	608.3	598.0
Free tickets	77.3	81.7
Total	685.6	679.7

## Unclaimed Prizes

Prizes may be claimed for up to one year. For reporting purposes on the balance sheet, all unclaimed prize money is combined under the heading "Prize money unclaimed." These funds fall into three categories:

- i) prizes from draws less than one month old;
  - ii) prizes from draws one to 12 months old, and
  - iii) prizes from draws which are more than 12 months old.
- These latter funds (iii) are considered unclaimed and are used for bonus promotions.

(\$ Millions)	1988/89	1987/88
Prizes (0-1 month)	14.3	17.2
Prizes (1-12 months)	12.5	13.5
Prizes (12+ months)	21.3	18.0
Total	48.1	48.7

## Commissions

Commissions paid to 50 independent distributors and 11,000 retailers reached \$102.4 million.

Retailers received a commission of eight per cent for selling Wintario and Instant tickets and five per cent for other games. Prize redemption fees are also paid. Distributors received one per cent commission on Instant tickets, an average of 2.5 per cent on Wintario, Provincial and special events tickets and a weekly service fee of \$4.50 per terminal for delivering supplies to on-line lottery terminals in their territory.



## Operating Expenses

Operating costs of \$112.1 million, comprising advertising, administration and equipment plus the payments to the federal government, represented 8.6 per cent of cash sales. Interest income reduced this to 8.1 per cent.

The payment of \$15 million to the federal government comes under a federal-provincial agreement. The agreement, signed in 1979, saw the federal government agree to withdraw from the lottery field in return for quarterly payments from the provinces. The payment to the federal government in the previous year was \$8.5 million higher due to a second agreement which has now expired.

Under the two agreements, the Province of Ontario has paid the federal government a total of \$148.7 million by the end of the 1988/89 fiscal year.

The Corporation's board of directors were paid a total of \$10,147 in per-diems in the year for attending formal business meetings.

## Sales Year Ending March 31, 1989

(\$ Millions)	1988/89			1987/88		
	Cash Sales	Free Tickets	Total	Cash Sales	Free Tickets	Total
Wintario	100	40	140	121	47	168
Lottario	124	0	124	140	0	140
Instant	287	32	319	276	30	306
Pick-3	18	0	18	—	—	—
Provincial	43	4	47	39	0	39
Super Loto	1	0	1	26	4	30
Lotto 6/49	719	0	719	672	0	672
Special Event	8	1	9	—	—	—
Total	1,300	77	1,377	1,274	81	1,355

## Distribution of Cash Sales





**Ontario Lottery Corporation**  
**Balance Sheet**

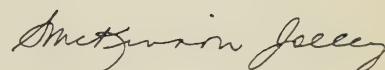
as at March 31, 1989

	1989	1988
	(\$000's)	(\$000's)
<b>Assets</b>		
<b>Current Assets</b>		
Cash	19,335	19,897
Prize funds on deposit	48,138	48,708
Due from Interprovincial Lottery Corporation	9,057	4,146
Accrued interest	696	430
Accounts receivable	5,077	2,263
Prepaid expenses	1,836	336
	<u>84,139</u>	<u>75,780</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Prize money unclaimed	48,138	48,708
Net profits due to Treasurer of Ontario	1,835	2,705
Accounts payable and accrued liabilities	18,765	12,764
Deferred income	15,401	11,603
	<u>84,139</u>	<u>75,780</u>

See accompanying notes to financial statements.

On behalf of the Board:

  
Director

  
Director

**Ontario Lottery Corporation**  
**Statement of Operations**

for the year ended March 31, 1989

	1989	1988
	(\$000's)	(\$000's)
<b>Sales</b>		
Cash ticket sales	1,300,606	1,273,923
Free tickets	77,299	81,666
	<u>1,377,905</u>	<u>1,355,589</u>
<b>Prizes and Commissions</b>		
Prizes (note 3)	608,290	597,952
Free tickets	77,299	81,666
Commissions - retailers and distributors	102,354	101,056
	<u>787,943</u>	<u>780,674</u>
<b>Sales Less Prizes and Commissions</b>	<u>589,962</u>	<u>574,915</u>
<b>Operating Expenses</b>		
Administration and other expenses	42,356	33,177
Advertising	25,797	21,702
Equipment	11,223	15,209
Payments to Government of Canada (note 5)	15,450	24,034
Ticket printing	17,316	15,213
	<u>112,142</u>	<u>109,335</u>
<b>Operating Income</b>	<u>477,820</u>	<u>465,580</u>
<b>Interest Income</b>	<u>6,310</u>	<u>5,555</u>
<b>Net Profits</b>	<u>484,130</u>	<u>471,135</u>

See accompanying notes to financial statements.



***Ontario Lottery Corporation  
Statement of Net Profits due to  
Treasurer of Ontario***

*for the year ended March 31, 1989*

	1989	1988
	(\$000's)	(\$000's)
Balance, beginning of year	2,705	1,570
Net profits	484,130	471,135
	486,835	472,705
Less payments to Treasurer of Ontario (note 4)	485,000	470,000
Balance, end of year	<u>1,835</u>	<u>2,705</u>

*See accompanying notes to financial statements.*





# Ontario Lottery Corporation Notes to Financial Statements

March 31, 1989

## 1. NATURE OF THE CORPORATION

The Ontario Lottery Corporation was incorporated without share capital on February 6, 1975 pursuant to the Ontario Lottery Corporation Act. The Corporation is responsible for the conduct and management of lottery games in Ontario. The Wintario, Lottario, Instant (including Grey Cup Millions) and Pick-3 lotteries are conducted solely by the Corporation, whereas, the Provincial, Super Loto, Special Events and Lotto 6/49 lotteries are joint undertakings by all Provinces acting through the Interprovincial Lottery Corporation (ILC). The Ontario Lottery Corporation purchases tickets for the Provincial, Super Loto, Special Events and Lotto 6/49 lotteries from the ILC and manages their sale throughout Ontario. The Super Loto lottery was discontinued in May 1988.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of accounting

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles except for fixed assets which are written off to operations at the time of acquisition.

### (b) Revenue recognition

Revenues are deferred on ticket sales where a draw has not taken place as of March 31.

## 3. PRIZES

Included in prizes is the Corporation's share of prizes for ILC games and its share of ILC's net operating expenses. These prizes and net operating expenses for the year amounted to \$347.3 and \$0.8 million respectively (1988-\$331.8 and \$1.5 million).

## 4. PAYMENTS TO TREASURER OF ONTARIO

The net profits of the Corporation are payable to the Treasurer of Ontario. During the year payments were as follows:

	1989	1988
	(\$000's)	(\$000's)
Lotto 6/49	307,000	284,000
Instant	101,000	96,000
Lottario	45,000	50,000
Wintario	14,000	18,000
Provincial	13,000	14,000
Pick-3	2,000	—
Special Events	2,000	—
Super Loto	1,000	8,000
	<u>485,000</u>	<u>470,000</u>

## 5. PAYMENTS TO GOVERNMENT OF CANADA

The various provincial lottery corporations make remittances to the Government of Canada under an agreement dated August 1979. The agreement stipulates that the Government of Canada will not participate in the sale of lottery tickets. Payments by the Ontario Lottery Corporation for the year amounted to approximately \$15 million.

## 6. COMMITMENTS

On July 8, 1986, the government announced its intention to relocate the majority of the Corporation's operations to Sault Ste. Marie. The Corporation's commitment with respect to the land and building to be occupied by the Corporation is estimated at \$30 million based on a prepaid 20 year lease with payments in each of the next 3 years. Other costs associated with the move are anticipated in the amount of \$27 million. Actual costs to date are nominal and have been included in Administration and other expenses.

The Corporation also has commitments totalling \$5 million for office space under operating leases expiring June 1995.

## 7. INCOME TAXES

As a Crown corporation of the Province of Ontario, the Corporation is exempt from income taxes and accordingly no provision is required.





Office of the  
Provincial  
Auditor

**To the Board of Directors of the Ontario Lottery Corporation and to the Minister  
of Tourism and Recreation.**

I have examined the balance sheet of the Ontario Lottery Corporation as at March 31, 1989 and the statements of operations and net profits due to Treasurer of Ontario for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policy described in note 2(a) to the financial statements applied on a basis consistent with that of the preceding year.

A handwritten signature in black ink, reading 'J.F. Otterman'.

J.F. Otterman, F.C.A.,  
Assistant Provincial Auditor.

Toronto, Ontario,  
July 13, 1989.



## Ontario Lottery Corporation

2 Bloor Street West  
Toronto, Ontario  
M4W 3H8  
(416) 961-6262

### Winning Numbers

Wintario	(416) 870-9170
Lottario	(416) 870-9122
Provincial	(416) 870-9161
Lotto 6/49	(416) 870-9134
Pick-3	(416) 870-9135

An Agency Of:



Ontario

Ministry of  
Tourism and  
Recreation

Ken Black  
Minister

On peut aussi se procurer ce en français

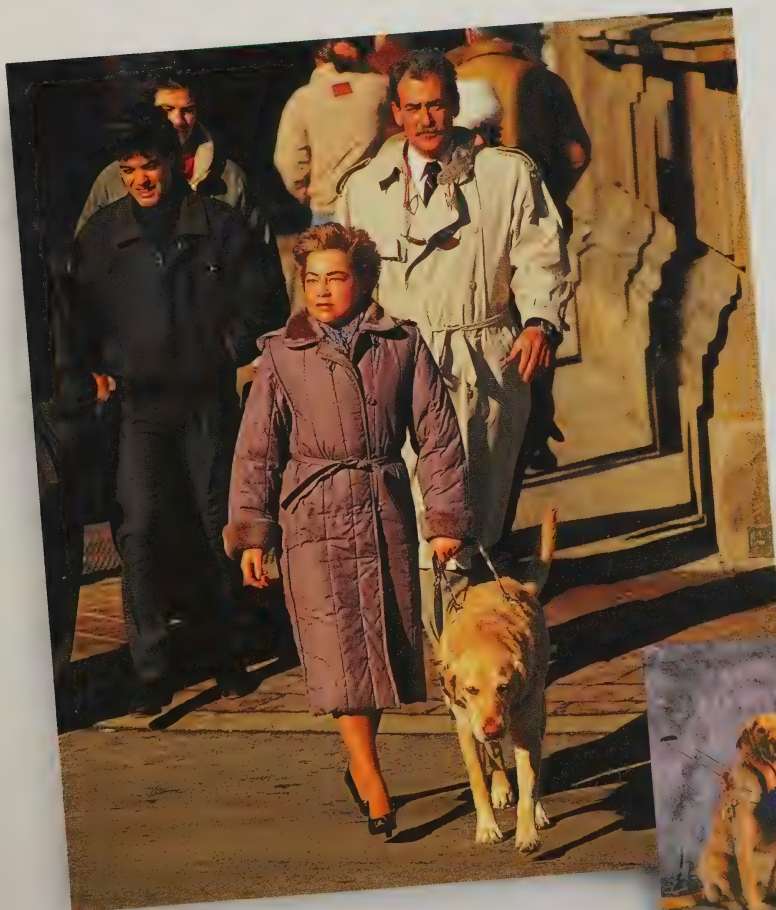




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Government  
Publications

ONTARIO LOTTERY CORPORATION  
ANNUAL REPORT  
1989-1990



Ontario Lottery Corporation

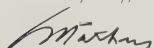
October 1, 1990

The Honourable Peter North  
Minister of Tourism and Recreation  
77 Bloor St., West  
Toronto, Ontario  
M7A 2R9

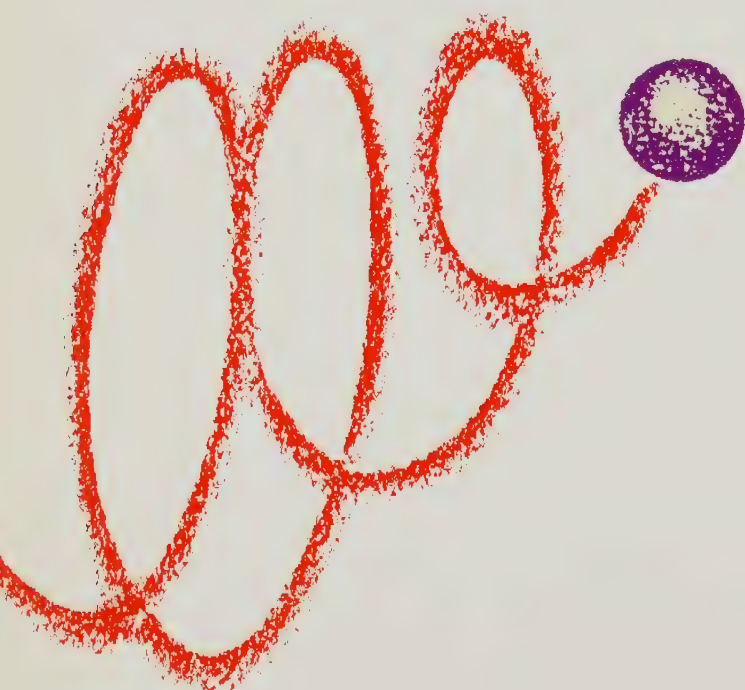
Dear Mr. North:

Pursuant to the provisions of the Ontario Lottery Corporation Act, I am pleased to present the annual report of the Ontario Lottery Corporation for the year ending March 31, 1990.

Yours very truly,



Walter G.D. Stothers  
Chairman of the Board



Front cover:

Lottery funds, through a Trillium Foundation grant, support the work of the Canadian Guide Dogs for the Blind, a training centre in Manotick, Ontario. Frances Tanner-Dalrymple travels about safely with her guide dog Jade.

Front cover photos by Brian Willer.

## BOARD MEMBERS

**Walter G.D. Stothers, F.C.A.**  
Thornhill, chairman  
(April 17, 1986 - Feb. 16, 1992)

**Sandra McKinnon Jolley**  
Toronto, vice-chairperson  
(June 2, 1986 - Feb. 16, 1992)

**Anne B. Bender**  
Mississauga, director  
(March 26, 1987 - Feb. 16, 1993)

**Chan Yeung Kang, LL.B.**  
Toronto, director  
(June 2, 1986 - Feb. 16, 1992)

**David Polowin**  
Nepean, director  
(Feb. 26, 1987 - Feb. 16, 1993)

**Milton Joseph Lewis**  
Hamilton, director  
(March 9, 1990 - Feb. 16, 1993)

**Dr. Gary S. Dobb**  
Toronto, director  
(March 21, 1990 - Feb. 16, 1993)

**Reinhard Zobrist**  
Brampton, director  
(Oct. 5, 1989 - Feb. 16, 1992)

## SENIOR STAFF

**Ian Nielsen-Jones**  
president

**Tom Dalton**  
vice-president  
Finance and Administration

**Adam J. Hawkins**  
vice-president  
Toronto Operations

**George Koutris**  
vice-president  
Sales and Distribution

**Patrick McDougall**  
vice-president  
Corporate Communications

**D'Arcy McGee**  
vice-president  
Systems and Technology

**Philip Rowlett-Smith**  
vice-president  
Marketing

**Terry Dyer**  
controller



## ABOUT THE ONTARIO LOTTERY CORPORATION

The Ontario Lottery Corporation (OLC) was established in 1975 to develop and manage provincial government lotteries.

During the 1989/90 fiscal year the Corporation operated Wintario/Wintario EXTRA, Lottario, Instant, Pick-3, Encore (Ontario-only games), Provincial, Lotto 6/49 and periodic Special Event games (interprovincial games).

In its capacity as a Crown corporation, the OLC has generated more than \$3.5 billion in profits for the province of Ontario.

Profits were made available in the fiscal year under review for sports, physical fitness, recreational and cultural activities through the ministries of Tourism and Recreation, Citizenship, and Culture and Communications. Other beneficiaries included province-wide social service charities through the Trillium Foundation. Proceeds not used by these lottery programs are allocated to hospital operating expenses.

Throughout the fiscal year the Corporation undertook extensive development and consumer research related to the game elements, name, logo and communications strategy for a new lottery called Cleansweep. Profits from this lottery, which will launch in mid-1990, will be used to protect the environment.

### 1989/90 HIGHLIGHTS

Sales	• Cash sales were \$1.32 billion, up \$19 million										
Profit	• \$508.1 million, up \$8.5 million										
Prizes	• Cash prizes - \$622.1 million, up \$13.9 million										
Prize Money	• \$67.2 million										
Unclaimed	• Prizes may be claimed for up to one year. For reporting purposes on the balance sheet, all unclaimed prize money is combined under the heading "Prize money unclaimed." These funds fall into three categories: i) prizes from draws less than one month old; ii) prizes from draws one to 12 months old; and iii) prizes from draws which are more than 12 months old. These latter funds (iii) are considered unclaimed and are used for bonus promotions.										
	<table> <tr> <th>(\$ Millions)</th><th>1989/90</th></tr> <tr> <td>20.4</td><td>Prizes (0-1 month)</td></tr> <tr> <td>18.7</td><td>Prizes (1-12 months)</td></tr> <tr> <td>28.1</td><td>Prizes (12+ months)</td></tr> <tr> <td>67.2</td><td>Total</td></tr> </table>	(\$ Millions)	1989/90	20.4	Prizes (0-1 month)	18.7	Prizes (1-12 months)	28.1	Prizes (12+ months)	67.2	Total
(\$ Millions)	1989/90										
20.4	Prizes (0-1 month)										
18.7	Prizes (1-12 months)										
28.1	Prizes (12+ months)										
67.2	Total										
Operating Expenses	• 6.7% of cash sales, net of interest income • Operating expenses, net of interest income were \$88.2 million										
Commissions	• \$101.2 million, down \$1.1 million										
New Games	• Encore - November, 1989 • Wintario EXTRA - January, 1990										

### TEN YEAR REVIEW-OPERATING HIGHLIGHTS (\$ MILLIONS)

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90
Cash Sales	422.9	448.6	494.7	608.8	759.5	946.4	1,254.4	1,273.9	1,300.6	1,319.6
Commissions	41.2	41.4	44.1	50.3	60.6	75.4	100.2	101.1	102.4	101.2
Prizes Cash and free tickets	270.3	271.9	294.4	341.0	415.5	510.9	673.8	679.6	685.6	685.9
Total Operating Expenses *	27.3	36.2	45.7	46.0	75.8	81.5	83.6	85.3	96.6	97.2
Interest	6.7	8.9	6.4	4.6	5.5	6.4	5.8	5.6	6.3	9.1
Net Profit *	158.2	166.3	172.2	229.1	265.5	346.4	485.0	495.2	499.6	508.1
Number of Games	4	4	5	6	6	6	6	6	6	7

\* Payments to Government of Canada have been excluded from prior year comparisons to conform with the 1990 presentation.



## CHAIRMAN'S REPORT

For the fourth consecutive year the Ontario Lottery Corporation has recorded sales of over \$1 billion, demonstrating the public's continuing enthusiasm for lotteries and the important community programs being supported.

The Corporation generated record profits of \$508.1 million on cash sales of \$1.32 billion during the fiscal 1989/90 compared to the previous year's totals of \$499.6 million and \$1.3 billion respectively.

Since 1975, when Ontario government lotteries began, the Corporation has raised \$3.5 billion in profits for a variety of important projects throughout our province.

During the 1989/90 fiscal year, profits were made available to sports, physical fitness, recreational and cultural programs. As well, \$17 million went to the Trillium Foundation for distribution to social service charities throughout Ontario. Proceeds not used by these lottery programs are allocated to hospital operating expenses.

In all of its activities, the Corporation's continuing goal is to maintain a stable and efficient source of funding

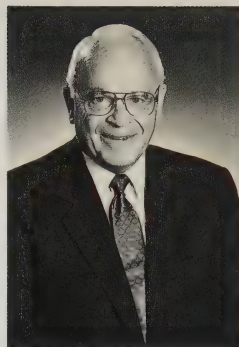
for the government of Ontario and the many worthwhile projects supported by lottery dollars.

We remain strongly committed to delivering a wide selection of low-cost and exciting entertainment to our players. A continuing objective is the improvement of our customer service and new product offerings.

In step with this, we developed a new lottery whose profits are earmarked for the protection of Ontario's environment. Called Cleansweep, this unique on-line game will be launched in the summer of 1990.

The relocation of our headquarters from Toronto to Sault Ste. Marie — a move that is part of the government's Northern Ontario Relocation Program — is progressing on schedule. Construction of a new government building, which will house the Corporation, is expected to be completed by the fall of 1991. Meanwhile, the Corporation is occupying two temporary locations in the Sault, while at the same time decreasing its physical presence in Toronto.

As expected, our relocation is providing many business and employment opportunities locally. More than 60% of our employees are now from the Sault.



The Corporation is also assisting OLC staff, who have decided not to relocate, with their future careers. We are grateful to them for their valued contribution to our past successes and wish them the best in their new endeavours.

On behalf of the Board of Directors, I would like to welcome both new and relocating employees to the OLC team as we set out to meet future opportunities in our new home base. We are embarked on an exciting and rewarding journey together.

There is no doubt the Corporation could not accomplish its goals without the talented people who work for it, its distributors and retailers who offer our products for sale to the public and the many enthusiastic lottery players.

With this ongoing strong support, we at the Corporation pledge to work even harder to continue our contribution to important lottery projects during the 1990s.

A handwritten signature in dark ink, appearing to read 'W. Stothers'.

Walter G.D. Stothers  
Chairman of the Board



## PRESIDENT'S REPORT

The Ontario Lottery Corporation continues to meet its financial objectives of achieving growth and improving profitability. Rising to the challenges of a maturing market, the Corporation increased sales in 1989/90 by \$19 million to \$1.32 billion. Profits rose from \$499.6 million to \$508.1 million. In addition, the OLC gave away more than \$622.1 million in cash prizes during 1989/90.

The Corporation achieved its sales increases largely by introducing new and different products into the lottery market and by utilizing innovative ways of providing our customers with all types of lottery information. The Corporation intends to work hard to increase its contribution to the province in the coming year.

In January, we replaced the Corporation's oldest game, Wintario, with Wintario EXTRA, a game with better odds, more prizes each week and more interesting ticket design and graphics. Cash sales for Wintario/Wintario EXTRA were \$106 million this fiscal year, \$6 million ahead of last year. Profits were \$21.6 million, a \$6.6 million increase over last year.

Encore, the new add-on game to Lotto 6/49, was introduced successfully in November 1989. Cash sales achieved were \$36.7 million, generating profits of \$7.8 million. Almost 40 per cent of Lotto 6/49 purchases each draw include an Encore selection.

Lotto 6/49, which is operated in conjunction with four other Canadian lottery jurisdictions serving the other Canadian provinces and territories, continues to garner more sales than any other Ontario lottery game. Sales of \$727.9 million in

Ontario in 1989/90 were \$8.7 million ahead of last year.

Weekly Ontario sales averaged \$12.2 million with the game providing additional profits of \$5.5 million over a year ago, totalling \$321.6 million for the year.

Cash sales for Pick-3 were \$41.8 million with profits of \$13.4 million. Sales for the game consistently reached \$700,000 weekly.

Lottario and Provincial experienced lower sales consistent with maturing products. Cash sales for Lottario and Provincial were \$118 million and \$32.6 million respectively.

Celebration '90 and Fiesta Del Sol, two Special Event lotteries, generated cash sales of \$9.5 million in 1989-90. Celebration '90 offered more than \$43 million in prizes and a top prize of \$5 million. Fiesta Del Sol gave away prizes worth more than \$33 million and another top prize of \$5 million. Profits from both \$20 premium lotteries were \$1.2 million.

The Corporation launched eight different Instant games this fiscal year. Cash sales were \$246.8 million, \$38.4 million less than a year ago. With the introduction of Winter Surprise in early November 1989, the OLC embarked on the revitalization of its scratch and win games with larger ticket sizes, new game themes, different prize structures and a variety of ticket graphics and colours. A popular feature has been the incorporation of two instant games and chances of winning two prizes on one ticket.

On January 6, 1990, Ontario Lottery Live made its debut on TVOntario at 10:30 p.m. Every



Saturday, the show provides lottery players with the convenience of one-stop viewing. It combines live lottery draws, recaps of winning numbers, diverse information on the lottery industry and features on how lottery profits benefit the people and communities of Ontario. As well, each week the show profiles a different Ontario community.

We at the Ontario Lottery Corporation are firmly committed to providing Ontarians with exciting and entertaining lotteries. By doing this, we can help ensure that lottery profits will continue to provide a valuable source of funding for worthwhile projects in Ontario. With lottery dollars, "Together we're making good things happen."

*Dan Nielsen-Jones*

Ian Nielsen-Jones  
President



## DISTRIBUTION OF INCOME

### Prizes

Total prizes consist of cash prizes and free tickets. Cash prizes reached \$622.1 million, representing 47.1% of cash sales. Free ticket prizes amounted to \$63.8 million.

(\$Millions)	1989/90	1988/89
Cash prizes	622.1	608.3
Free tickets	63.8	77.3
Total	685.9	685.6

### Unclaimed prizes

Prizes may be claimed for up to one year. For reporting purposes on the balance sheet, all unclaimed prize money is combined under the heading "Prize money unclaimed."

These funds fall into three categories:

- i) prizes from draws less than one month old;
- ii) prizes from draws one to 12 months old; and
- iii) prizes from draws which are more than 12 months old.

These latter funds (iii) are considered unclaimed and are used for bonus promotions.

(\$Millions)	1989/90
20.4	Prizes (0-1 month)
18.7	Prizes (1-12 months)
28.1	Prizes (12+ months)
67.2	Total

### Commissions

Commissions paid to 48 independent distributors and 11,700 retailers reached \$101.2 million.

Retailers received a commission of eight per cent for selling Wintario/Wintario EXTRA and Instant tickets and five per cent for other games. Prize redemption fees are also paid. Distributors received one per cent commission on Instant tickets, an average of 2.5 per cent on Wintario EXTRA, Provincial and Special Event tickets and a weekly service fee of \$4.50 per terminal for delivering supplies to on-line lottery terminals in their territory.

### Operating Expenses

In 1989/90, operating costs were \$97.2 million, comprising advertising, administration, equipment and ticket printing, and represented 7.4 per cent of cash sales. Interest income reduced this to 6.7 per cent. In 1988/89, operating costs amounted to \$96.7 million, comprising advertising, administration, equipment and ticket printing, and represented 7.4 per cent of cash sales. Interest income reduced this to 7.0 per cent.

The Corporation's board of directors were paid a total of \$9,720 in per-diems in the year for attending formal business meetings.

### Sales – Year Ending March 31, 1990

(\$Millions)	1989/90		
	Cash Sales	Free Tickets	Total
Wintario/Wintario EXTRA	106	32	138
Lottario	118	0	118
Instant	247	28	275
Pick-3	42	0	42
Provincial	33	3	36
Lotto 6/49	728	0	728
Encore	37	0	37
Special Event	9	1	10
Total	1,320	64	1,384

### Distribution of Cash Sales



Cash prizes	47.1%
Profit	38.5%
Commissions	7.7%
Operating expenses	6.7%



ONTARIO LOTTERY CORPORATION  
BALANCE SHEET

as at March 31, 1990

	1990	1989
Assets	(\$000's)	(\$000's)
<b>Current Assets</b>		
Cash	7,593	19,335
Prize funds on deposit	67,182	48,138
Due from Interprovincial Lottery Corporation	—	5,304
Accrued interest	1,115	696
Accounts receivable	7,148	4,767
Prepaid expenses	4,567	1,836
	87,605	80,076
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Prize money unclaimed	67,182	48,138
Net profits due to Treasurer of Ontario	2,613	1,835
Accounts payable and accrued liabilities	11,647	14,702
Due to Interprovincial Lottery Corporation	2,691	—
Deferred income	3,472	15,401
	87,605	80,076

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

**ONTARIO LOTTERY CORPORATION**  
**STATEMENT OF OPERATIONS**

for the year ended March 31, 1990

	1990	1989
	(\$000's)	(\$000's)
<b>Sales</b>		
Cash ticket sales	1,319,623	1,300,606
Free tickets	63,833	77,299
	1,383,456	1,377,905
<b>Prizes and Commissions</b>		
Prizes (note 3)	622,149	608,290
Free tickets	63,833	77,299
Commissions – retailers and distributors	101,215	102,354
	787,197	787,943
<b>Sales Less Prizes and Commissions</b>	596,259	589,962
<b>Operating Expenses</b>		
Administration and other expenses	48,254	42,356
Advertising	26,213	25,797
Equipment	7,993	11,223
Ticket printing	14,775	17,316
	97,235	96,692
<b>Operating Income</b>	499,024	493,270
<b>Interest Income</b>	9,065	6,310
<b>Net Profits (note 5)</b>	508,089	499,580

See accompanying notes to financial statements.

ONTARIO LOTTERY CORPORATION  
STATEMENT OF NET PROFITS DUE TO TREASURER OF ONTARIO  
for the year ended March 31, 1990

	1990	1989
	(\$000's)	(\$000's)
Balance, beginning of year	1,835	2,705
Net profits (note 5)	508,089	499,580
	509,924	502,285
Less: Payments to Treasurer of Ontario (note 4)	491,000	485,000
Payments to Government of Canada on behalf of the Province of Ontario (note 5)	16,311	15,450
Balance, end of year	2,613	1,835

See accompanying notes to financial statements.



**ONTARIO LOTTERY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 1990

**1. Nature of the Corporation**

The Ontario Lottery Corporation was incorporated without share capital on February 6, 1975 pursuant to the Ontario Lottery Corporation Act. The Corporation is responsible for the conduct and management of lottery games in Ontario. The Wintario/Wintario EXTRA, Lottario, Instant, Encore and Pick-3 lotteries are conducted solely by the Corporation, whereas, the Provincial, Special Events and Lotto 6/49 lotteries are joint undertakings by all Provinces acting through the Interprovincial Lottery Corporation (ILC). The Corporation purchases tickets for the Provincial, Special Events and Lotto 6/49 lotteries from the ILC and manages their sale throughout Ontario. The Wintario lottery was changed and renamed Wintario EXTRA in January 1990.

**2. Significant Accounting Policies**

**(a) Basis of accounting**

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles except for fixed assets which are written off to operations at the time of acquisition.

**(b) Revenue recognition**

Revenues are deferred on ticket sales where a draw has not taken place as of March 31.

**3. Prizes**

Included in prizes is the Corporation's share of prizes for ILC games and its share of ILC's net operating expenses. These prizes and net operating expenses for the year amounted to \$349.0 million (1989 - \$348.1 million).

**4. Payments to Treasurer of Ontario**

The net profits of the Corporation less payments to the Government of Canada on behalf of the Province of Ontario are payable to the Treasurer of Ontario. During the year payments to the Treasurer of Ontario were as follows:

	1990	1989
	(\$000's)	(\$000's)
Lotto 6/49	315,000	307,000
Instant	81,000	101,000
Lottario	44,000	45,000
Wintario/Wintario EXTRA	19,000	14,000
Pick-3	14,000	2,000
Provincial	10,000	13,000
Encore	7,000	—
Special Events	1,000	2,000
Super Loto	—	1,000
	491,000	485,000

**5. Payments to Government of Canada**

The various provincial lottery corporations make remittances to the Government of Canada under an agreement dated August 1979. The agreement stipulates that the Government of Canada will not participate in the sale of lottery tickets.

Prior to the current year, payments to the Government of Canada on behalf of the Province of Ontario were included in the Statement of Operations. Commencing with the current year, these payments are included in the Statement of Net Profits due to Treasurer of Ontario. The effect of this change, which was applied retroactively, increased net profits for the year by \$16,311,000 (1989 - \$15,450,000).

**6. Commitments**

On July 8, 1986, the government announced its intention to relocate the majority of the Corporation's operations to Sault Ste. Marie. The Corporation's commitment with respect to the land and building to be occupied by the Corporation is estimated at \$30 million based on a prepaid 20-year lease with payments anticipated in each of the next 3 years. Other costs associated with the move are anticipated in the amount of \$35 million.

The Corporation also has commitments totalling \$3.5 million for office space under operating leases expiring June 1995.

**7. Income Taxes**

As a Crown corporation of the Province of Ontario, the Corporation is exempted from income taxes. Accordingly, no provision for income taxes is made in the financial statements.

**8. Comparative Figures**

Certain comparative figures have been reclassified to conform with the 1990 presentation.



Office of the  
Provincial  
Auditor

To the Board of Directors of the Ontario Lottery Corporation and to the  
Minister of Tourism and Recreation.

I have examined the balance sheet of the Ontario Lottery Corporation as at March 31, 1990 and the statements of operations and net profits due to Treasurer of Ontario for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1990 and the results of its operations for the year then ended in accordance with the accounting policy described in note 2(a) to the financial statements applied on a basis consistent with that of the preceding year.



D.F. Archer, F.C.A.,  
Provincial Auditor.

Toronto, Ontario,  
June 29, 1990.



## Ontario Lottery Corporation

473 Queen Street East  
4th Floor  
Sault Ste. Marie, Ontario  
P6A 1Z5  
(705) 946-6464

2 Bloor Street West  
Toronto, Ontario  
M4W 3H8  
(416) 961-6262

### Winning Numbers

Lottario	(416) 870-9122
Pick-3	(416) 870-9135
Lotto 6/49 and Encore	(416) 870-9134
Wintario EXTRA	(416) 870-9170
Provincial	(416) 870-9161
Cleansweep	(416) 870-2300

### Winning Numbers (French Language)

Lotto 6/49, Encore, Lottario and Pick-3	(416) 870-9137
Cleansweep, Wintario EXTRA and Provincial	(416) 870-9136

An agency of:



Ministry of  
Tourism and  
Recreation

On peut aussi se procurer ce rapport en français.





CAZON  
CR 200  
- A 56

from the  
various  
tickets have  
amounted to more  
than \$4 billion  
worth of profit for  
the province.



Ontario Lottery Corporation  
Société des loteries de l'Ontario



## Board Members

### Walter G. D. Stothers, F.C.A.

Thornhill, chairman  
(April 17, 1986 - Feb. 16, 1992)

### Sandra McKinnon Jolley

Toronto, vice-chairperson  
(June 2, 1986 - Feb. 16, 1992)

### Anne B. Bender

Mississauga, director  
(March 26, 1987 - Feb. 16, 1993)

### David Polowin

Nepean, director  
(Feb. 26, 1987 - Feb. 16, 1993)

### Milton Joseph Lewis

Hamilton, director  
(March 9, 1990 - Feb. 16, 1993)

### Gary S. Dibb

Toronto, director  
(March 21, 1990 - Feb. 16, 1993)

### Reinhard Zobrist

Bracebridge, director  
(Oct. 5, 1989 - Feb. 16, 1992)

### Jane Stechly

Mississauga, director  
(June 6, 1991 - Feb. 16, 1994)

### Kyung B. Lee

Toronto, director  
(Sept. 6, 1991 - Feb. 16, 1994)

## Senior Staff

### Ian Nielsen-Jones

president

### Tom Dalton

vice-president  
Finance and Administration

### George Koutris

vice-president  
Sales and Distribution

### Patrick McDougall

vice-president  
Corporate Communications

### D'Arcy McGee

vice-president  
Information Systems and Technology

### Philip Rowlett-Smith

vice-president  
Marketing

### Lou Fera

senior manager  
Human Resources

### Terry Dyer

controller

September 30, 1991

The Honourable Peter North  
Minister of Tourism and Recreation  
77 Bloor St. West  
Toronto, Ontario  
M7A 2R9

Dear Mr. North:

Pursuant to the provisions of the Ontario Lottery Corporation Act, I am pleased to present the annual report of the Ontario Lottery Corporation for the year ending March 31, 1991.

Yours very truly,



Walter G. D. Stothers  
Chairman of the Board

Meals on Wheels, a Trillium grant recipient, is one of many organizations in Ontario receiving lottery funding. Featured in an Ontario Lottery Corporation commercial, Meals on Wheels operates as a volunteer agency that brings hot, nutritious meals to the homes of elderly or physically challenged people. "Jackie," a volunteer, is seen delivering a hot lunch to "Mr. Harding."

Front cover photo by Yuri Dojc.

## About the Ontario Lottery Corporation



Since its inception in 1975, the Ontario Lottery Corporation (OLC) has raised more than \$4 billion for grant programs in the Province of Ontario through the sale of lottery tickets.

The Corporation began with just one lottery, the \$1 Wintario ticket, which offered players a chance of winning a top prize of \$100,000. Today, Wintario is known as Wintario EXTRA and it is joined by a variety of other lotteries.

In 1990/91, the Corporation operated Wintario EXTRA, Lottario, Instant, Pick-3, ENCORE, Cleansweep (Ontario-only games), Provincial, Lotto 6/49 and periodic Special Event games (interprovincial games).

Lotteries provide a low-cost form of fun and entertainment. In addition, lottery profits support a number of worthwhile causes such as sports and physical fitness, recreational and cultural activities and charitable organizations. In July 1990, the provincial government designated the environment as a new recipient of lottery funding.

The ministries that are involved in allocating lottery profits include Tourism and Recreation, Citizenship, Environment, and Culture and Communications. Province-wide and local voluntary social service organizations receive funding from the Trillium Foundation, through its Provincial and Regional Grants Programs.

Any proceeds not used for the above lottery programs are allocated to the operation of hospitals.

### 1990/91 HIGHLIGHTS

**Sales** • Cash sales were \$1.35 billion, up \$31.2 million

**Profit** • \$490.5 million, down \$17.6 million

**Prizes** • Cash prizes - \$639.9 million, up \$20.5 million

**Prize Money Unclaimed** • \$63.5 million

Prizes may be claimed for up to one year. For reporting purposes on the balance sheet, all unclaimed prize money is combined under the heading "Prize money unclaimed." These funds fall into three categories:

- i) prizes from draws less than one month old;
- ii) prizes from draws one to 12 months old; and
- iii) prizes from draws which are more than 12 months old.

These latter funds (iii) are considered unclaimed and are used for bonus promotions.

1990/91	(\$ millions)
Prizes (0-1 month)	19.0
Prizes (1-12 months)	7.3
Prizes (12+ months)	37.2
Total	63.5

**Operating Expenses** • 8.8% of cash sales

Operating expenses, net of interest income, were \$119.5 million

**Commissions** • \$100.9 million, down \$0.3 million

**New games** • Cleansweep - July 1990

### TEN YEAR REVIEW - OPERATING HIGHLIGHTS (\$ MILLIONS)

	81/82	82/83	83/84	84/85	85/86	86/87	87/88	88/89	89/90*	90/91
Cash Sales	448.6	494.7	608.8	759.5	946.4	1,254.4	1,273.9	1,300.6	1,319.6	1,350.8
Commissions	41.4	44.1	50.3	60.6	75.4	100.2	101.1	102.4	101.2	100.9
Prizes: Cash and Free Tickets	271.9	294.4	341.0	415.5	510.9	673.8	679.6	685.6	683.2	668.3
Total Operating Expenses	36.2	45.7	46.0	75.8	81.5	83.6	85.3	96.6	100.7	131.7
Interest	8.9	6.4	4.6	5.5	6.4	5.8	5.6	6.3	9.8	12.2
Net Profit	166.3	172.2	229.1	265.5	346.4	485.0	495.2	499.6	508.1	490.5
Number of Games	4	5	6	6	6	6	6	6	7	8

\*The cost of Provincial tickets has been reclassified in the year 1989/90 only to conform with the financial statements presentation adopted at March 31, 1991. This impacts Cash Prizes, Operating Expenses and Interest, but not Net Profit.



## Lottery funds make good things happen



Accomplishing great things begins with making a small effort. At the Ontario Lottery Corporation, it all starts when lottery players purchase one of our lottery tickets.

For every \$1 sale, the OLC earns 36.3 cents profit. After payments made to the Federal government are subtracted, the Corporation contributes 34.6 cents to the Province of Ontario for its various grant programs. In communities large and small, the money makes a tremendous impact. The benefits range from structural improvements to a local community centre to staff training for a volunteer group.

Since 1975, proceeds from the sale of various lottery tickets have amounted to over \$4 billion worth of profit for the province. The money does a lot of good for Ontario. It is used for the promotion and development of physical fitness, sports and culture, for the support of the Trillium Foundation (which helps province-wide and local social service charities) and for the protection of the environment. Funds not used for these programs within a fiscal year are directed to the operation of hospitals.



**The new waterfront facility in Sault Ste. Marie is now headquarters for the Ontario Lottery Corporation. The Corporation relocated North in the 1990/91 fiscal year.**

Back in 1975, when the Corporation was first established, the province received \$42 million for its various grant programs. That figure has increased more than tenfold. In the 1990/91 fiscal year, the OLC was able to pay \$470 million in profits to the province's Consolidated Revenue Fund.

Here is just a sampling of worthwhile projects that have recently received funding in the province:

- ▶ In Elora, west of Toronto, a \$25,333 Ministry of Tourism and Recreation grant funded a new baseball diamond.
- ▶ City of Peterborough received \$216,984 in grant funds from the Ministry of Culture and Communications for heritage and restoration projects.
- ▶ City of Cambridge was able to build six new minor soccer fields thanks to a \$60,000 grant from the Ministry of Tourism and Recreation. The money was provided in September 1990.
- ▶ The Erin Mills Drum & Bugle Corps in Mississauga obtained a \$4,000 grant from the Ministry of Culture and Communications in May 1990. The money went towards resource material and equipment.
- ▶ Through the Ministry of Citizenship, the Thunder Bay Indian Youth Friendship Centres received a \$117,272 grant in the 1990/91 fiscal year for their various programs.
- ▶ In Almonte, the Almonte Community Development Corporation received a \$32,300 grant in December 1990. Plans for the Trillium grant were to hire a person to develop programs for disabled clients and to help purchase a wheelchair-accessible van.
- ▶ In June 1990, the Dryden Multicultural Association secured a \$3,005 Ministry of Citizenship grant for events and festivals.
- ▶ In February 1991, a \$670 grant from the Ministry of Tourism and Recreation allowed the Haileybury Figure Skating Club to travel to a competition.
- ▶ Thanks to a \$10,000 grant from the Ministry of Culture and Communications, the East York Public Library was able to expand its video collection.
- ▶ The Sudbury Family YMCA was approved for a \$78,800 Trillium grant to be used to buy a computer system, van, boat and two all-terrain wheelchairs.
- ▶ The Township of South Crosby received an \$8,500 Ministry of Tourism and Recreation grant in August 1990. The money was used to purchase and install a children's play structure.

Every time Ontario's lottery players purchase a ticket, they help to ensure a stable source of income for the many worthwhile projects which lottery profits fund.

For every \$1 sale,  
the OLC contri-  
butes 34.6 cents  
to the Province  
of Ontario for  
its various grant  
programs.



The Sarnia Minor Athletic Association is just one  
of many organizations benefitting from lottery funding.

A \$3,937 grant from the Ministry of Tourism and Recreation  
paid for new lacrosse equipment.



## *Ontario Lottery Corporation shows its green colours*



s with many large corporations today, the term 'environmentally friendly' is a watchword at the Ontario Lottery Corporation.

Our move towards environmental awareness became more pronounced when the Ontario government passed legislation designating the environment as one of the areas to be funded with lottery profits.

The Corporation, however, wanted to do more and set a goal of becoming an example to other corporations.

In September 1990, the OLC staff formed the first of two environmental task forces to look at ways in which the OLC could become environmentally proactive.

A variety of environmental measures began to take shape. The Corporation initiated paper recycling programs at its Sault Ste. Marie and Toronto offices. In addition to recycling paper, the OLC also introduced electronic mail and bulletin boards to reduce the volume of paper.

The Corporation now uses recycled paper for much of its point-of-sale advertising material, internal and external publications, news releases, brochures,

The Corporation began the important task of educating staff on how to reduce waste in the workplace and at home. The OLC's 1990 Employee General Meeting featured a noted environmentalist as a guest speaker. Staff attending the meeting received a book on environmental tips. In addition, a regular column was introduced in the employee newsletter featuring environmental thoughts and tips.

Staff serving as members of the environmental task forces in Sault Ste. Marie and Toronto plan still more action.

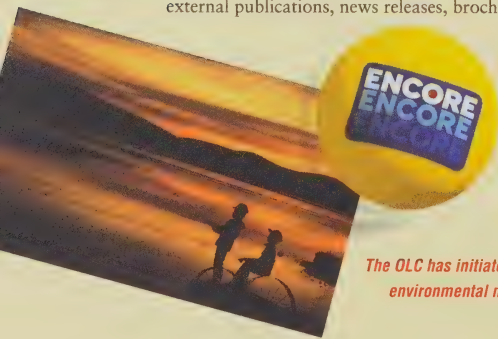
In January 1991, the groups drafted an Environmental Initiatives Plan to describe the Corporation's short-term and long-term objectives. The task forces plan to work with other groups within the OLC to do such things as conduct an environmental audit, and test selection slips and lottery tickets printed on recycled paper.

Added to these positive measures, the Corporation's new office building on the banks of the St. Mary's River in Sault Ste. Marie will be environmentally friendly.

The government facility will be one of the top-ranked buildings in Ontario with respect to air quality and energy conservation. The building will have 20 per cent fresh air circulation. In addition, there will be a complete change of air every one to two hours.

An open-concept office design, glass sides to the building, and an extra-efficient lighting, heating and air-conditioning system will save on energy costs.

With all of these actions and plans, we believe we are well on the way to becoming a recognized leader in environmental responsibility, both in the lottery industry and in business generally.



*The OLC has initiated a variety of environmental measures.*

administrative forms and memo pads. In addition, environmental concerns are addressed when the OLC is ordering goods from suppliers.

Rather than providing employees and visitors with styrofoam cups for coffee and other beverages, the Corporation now utilizes ceramic mugs. A blue box recycling program was introduced so that staff could recycle cans, bottles and newspapers.



As with many large corporations today, the term 'environmentally friendly' is a watchword at the Ontario Lottery Corporation.



In September 1990, the OLC staff formed the first of two environmental task forces to look at ways in which the OLC could become environmentally proactive.

## Distribution of Income

### Prizes

Total prizes consist of cash prizes and free tickets. Cash prizes reached \$639.9 million, representing 47.4% of cash sales. Free ticket prizes amounted to \$28.4 million.

	1990/91	1989/90
	(\$ Millions)	(\$ Millions)
Cash prizes	639.9	619.4
Free tickets	28.4	63.8
Total	668.3	683.2

### Unclaimed Prizes

Prizes may be claimed for up to one year. For reporting purposes on the balance sheet, all unclaimed prize money is combined under the heading "Prize money unclaimed." These funds fall into three categories:

- i) prizes from draws less than one month old;
- ii) prizes from draws one to 12 months old; and
- iii) prizes from draws which are more than 12 months old.

These latter funds (iii) are considered unclaimed and are used for bonus promotions.

1990/91	(\$ MILLIONS)
Prizes (0-1 month)	19.0
Prizes (1-12 months)	7.3
Prizes (12+ months)	37.2
Total	63.5

### Commissions

Commissions paid to 46 independent distributors and approximately 11,700 retailers reached \$100.9 million.

Retailers received a commission of eight per cent for selling Wintario EXTRA and Instant tickets and five per cent for other games. Prize redemption fees are also paid. Distributors received one per cent commission on Instant tickets until December 31, 1990, when this rate was increased to two per cent. An average of 2.5 per cent commission was paid on Wintario EXTRA, Provincial and Special Event tickets, and a weekly service fee of \$4.50 per terminal was provided for delivering supplies to on-line lottery terminals in their territory.

### Operating Expenses

In 1990/91, operating costs were \$131.7 million, comprising advertising, ticket printing, administration and equipment, and represented 9.8 per cent of cash sales. Interest income reduced this to 8.8 per cent. In 1989/90, operating costs amounted to \$100.7 million, which represented 7.6 per cent of cash sales. Interest income reduced this to 6.9 per cent.

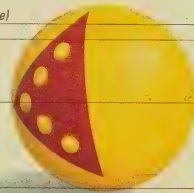
The Corporation's board of directors were paid a total of \$60,595 in per-diems in the year for attending formal business meetings.

SALES YEAR ENDING MARCH 31, 1991			
	(\$ Millions)	1990/91	
	Cash Sales	Free Tickets	Total
Wintario EXTRA	89	10	99
Lottario	93	—	93
Instant	259	14	273
Pick-3	34	—	34
Provincial	25	3	28
Lotto 6/49	757	—	757
ENCORE	77	—	77
Cleansweep	12	1	13
Special Event	5	—	5
Total	1,351	28	1,379

### Distribution of Cash Sales

1990/91

Operating expenses (Net of interest income)	8.8%
Commissions	7.5%
Net Profit	36.3%
Cash prizes	47.4%



**Ontario Lottery Corporation**

Balance Sheet  
as at March 31, 1991

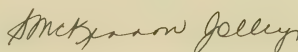
	1991 (\$000's)	1990 (\$000's)
<b>ASSETS</b>		
Cash	20,879	15,377
Prize funds on deposit	63,505	59,398
Due from Interprovincial Lottery Corporation	2,830	—
Accrued interest	1,055	1,115
Accounts receivable	7,320	7,148
Prepaid expenses	1,709	4,567
	<b>97,298</b>	<b>87,605</b>
<b>LIABILITIES</b>		
Prize money unclaimed	63,505	59,398
Net profits due to Treasurer of Ontario	666	2,613
Accounts payable and accrued liabilities	13,331	11,647
Due to Interprovincial Lottery Corporation	—	2,691
Due to Government of Canada	5,910	—
Deferred income Commitments (note 5)	13,886	11,256
	<b>97,298</b>	<b>87,605</b>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director



**Ontario Lottery Corporation**

Statement of Operations  
for the year ended March 31, 1991

	1991 (\$000's)	1990 (\$000's)
<b>SALES</b>		
Cash ticket sales	1,350,815	1,319,623
Free tickets	28,394	63,833
	<b>1,379,209</b>	<b>1,383,456</b>
<b>PRIZES AND COMMISSIONS</b>		
Prizes	639,939	619,445
Free tickets	28,394	63,833
Commissions – retailers and distributors	100,872	101,215
	<b>769,205</b>	<b>784,493</b>
Sales Less Prizes and Commissions	<b>610,004</b>	<b>598,963</b>
<b>OPERATING EXPENSES</b>		
Administration and other expenses	61,843	48,254
Advertising	33,998	26,213
Capital expenditures	10,988	7,993
Ticket printing	24,901	18,199
	<b>131,730</b>	<b>100,659</b>
Operating Income	<b>478,274</b>	<b>498,304</b>
Interest Income	12,226	9,785
Net Profits	<b>490,500</b>	<b>508,089</b>

See accompanying notes to financial statements.

**Ontario Lottery Corporation**

Statement of Net Profits due to Treasurer of Ontario  
for the year ended March 31, 1991

	1989 (\$000's)	1990 (\$000's)
Balance, beginning of year	2,613	1,835
Net profits	490,500	508,089
	493,113	509,924
Less:		
Payments to Treasurer of Ontario (note 3)	470,000	491,000
Payments to Government of Canada on behalf of the Province of Ontario (note 4)	17,126	16,311
Goods and Services Tax	5,321	-
Balance, end of year	666	2,613

See accompanying notes to financial statements.

## Ontario Lottery Corporation

### Notes to Financial Statements March 31, 1991

#### 1 Nature of the Corporation

The Ontario Lottery Corporation was incorporated without share capital on February 6, 1975 pursuant to the Ontario Lottery Corporation Act. The Corporation is responsible for the conduct and management of lottery games in Ontario. The Wintario EXTRA, Lottario, Instant, ENCORE, Pick-3 and Cleansweep lotteries are conducted solely by the Corporation, whereas, the Provincial, Special Events and Lotto 6/49 lotteries are joint undertakings by all Provinces acting through the Interprovincial Lottery Corporation.

#### 2 Significant Accounting Policies

##### (a) Basis of Accounting

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles except for capital expenditures which are written off to operations at the time of acquisition.

##### (b) Revenue Recognition

Revenues are deferred on ticket sales where a draw has not taken place. For Instant games, revenues are recognized when the ticket is sold to the consumer.

#### 3 Distribution of Net Profits

The net profits of the Corporation less payments to the Government of Canada are payable to the Treasurer of Ontario.

#### 4 Payments to Government of Canada

The various provincial lottery corporations make remittances to the Government of Canada under an agreement dated August 1979 made between the Provincial Governments and the Federal Government. The agreement stipulates that the Government of Canada will not participate in the sale of lottery tickets. The Corporation remits the Province of Ontario's share of the above payments to the Interprovincial Lottery Corporation.

#### 5 Commitments

On July 8, 1986, the government announced its intention to relocate the majority of the Corporation's operations to Sault Ste. Marie. It is expected that relocation to Sault Ste. Marie will be completed in 1994. Total costs associated with the move are anticipated to be \$33 million, excluding lease costs included below, of which \$14.3 million has been spent to date.

The Corporation is concluding an agreement for a 20-year lease on premises in Sault Ste. Marie with future minimum rental payments of \$2.6 million each year commencing March 1, 1992.

The Corporation is also concluding a purchase agreement for new On-line Gaming Terminals that will cost \$59 million in capital expenditures over the next four years.

#### 6 Income Taxes

As a Crown corporation of the Province of Ontario, the Corporation is exempted from income taxes. Accordingly, no provision for income taxes is made in the financial statements.

#### 7 Comparative Figures

Certain amounts at March 31, 1990, have been reclassified to conform with the financial statements presentation adopted at March 31, 1991.



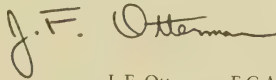
## *Auditor's Report*

To the Board of Directors of the Ontario Lottery Corporation and to the Minister of Tourism and Recreation.

I have audited the balance sheet of the Ontario Lottery Corporation as of March 31, 1991 and the statement of operations and net profits due to Treasurer of Ontario for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991 and the results of its operations for the year then ended in accordance with the accounting policy described in note 2(a) to the financial statements.



J. F. Otterman, F.C.A.  
Assistant Provincial Auditor

Toronto, Ontario  
June 19, 1991



Office of the  
Provincial  
Auditor

## Ontario Lottery Corporation Contact Information



### Ontario Lottery Corporation

70 Foster Drive  
Suite 800  
Sault Ste. Marie, Ontario  
P6A 6V2  
(705) 946-6464

#### WINNING NUMBERS

##### Lottario

(416) 870-9122

##### Pick-3

(416) 870-9135

##### Lotto 6/49 and Encore

(416) 870-9134

##### Wintario EXTRA

(416) 870-9170

##### Provincial

(416) 870-9161

#### WINNING NUMBERS

##### French language

##### Lotto 6/49, Encore,

##### Lottario and Pick-3

(416) 870-9137

##### Wintario EXTRA

##### and Provincial

(416) 870-9136

An agency of:



Ministry of  
Tourism and  
Recreation  
Ontario



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excluding 10% post-  
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MAAn official mark of Environment Canada

ISSN 0706-0076



**Société des loteries de l'Ontario**

70, promenade Foster  
Bureau 800  
Sault Ste. Marie (Ontario)  
P6A 6V2  
(705) 946-6464

**NUMÉROS GAGNANTS**

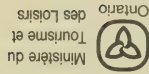
Lotto 6/49, Encore,  
Lottario et Pick-3  
(416) 870-9137  
Winario EXTRA et Provincial  
(416) 870-9136

**NUMÉROS GAGNANTS**

en anglais

Lottario  
(416) 870-9122  
Pick-3  
(416) 870-9135  
Lotto 6/49 et Encore  
(416) 870-9134  
Winario EXTRA  
(416) 870-9170  
Provincial  
(416) 870-9161

Organisme sous la tutelle du :



Ministère du  
Tourisme et  
des Loisirs  
Ontario



Plus de  
500 de pages  
novas sur 10, 100 de  
bons points-consumation

Ministère officiel d'Environnement Canada

ISSN 0706-0076

qualorze



Au Conseil d'administration de la Société des loteries de l'Ontario et au ministre du Tourisme et des Loisirs.

J'ai vérifié le bilan de la Société des loteries de l'Ontario au 31 mars 1991 et les états des résultats d'exploitation des bénéfices non répartis et de l'évolution de la situation financière de l'exercice terminé à cette date. La responsabilité de ces états financiers incombe à la direction de la Société. Ma responsabilité consiste à exprimer une opinion sur ces états financiers en me fondant sur ma vérification.

Ma vérification a été effectuée conformément aux

normes de vérification généralement reconnues. Ces normes exigent que la vérification soit planifiée et

exécutede manière à fournir un degré raisonnable de certitude quant à l'absence d'incertitudes importantes

dans les états financiers. La vérification comprend le contrôle par sondages des informations probantes à

l'appui des montants et des autres éléments d'information fournis dans les états financiers. Elle

comprend également l'évaluation des principes comptables suivis et des estimations importantes faites

par la direction, ainsi qu'une appréciation de la présentation d'ensemble des états financiers.

À mon avis, ces états financiers présentent fidèlement, à tous égards importants, la situation financière de la

Société au 31 mars 1991, ainsi que les résultats de son exploitation et l'évolution de sa situation financière

pour l'exercice clos à cette date selon les principes comptables indiqués dans la note 2(a) afférente aux

états financiers.

Le vérificateur provincial adjoint,

J. F. Ottermann, F.C.A.

Toronto (Ontario)  
Le 19 juin 1991



Bureau du  
vérificateur  
provincial

1 Nature de la Société

La Société des loteries de l'Ontario a été dûment constituée le 6 février 1975, sans capital social, conformément à la Loi sur la Société des loteries de l'Ontario. La Société est chargée de l'organisation et de la gestion des loteries en Ontario. La Société s'occupe seule des loteries Winario EXTRA, Lotario, Instant, ENCORE, Pick-3 et Raffle nettes, tandis que les loteries Provincial, Lotto 6/49 et les jeux haut de gamme sont des entreprises conjointes de toutes les provinces, par l'entremise de la Société de la loterie interprovinciale.

2 Principales conventions comptables

a) Principes comptables

Les états financiers de la Société sont préparés conformément aux principes comptables généralement reconnus, sauf dans le cas des dépenses en immobilisations, qui sont imputées à l'exploitation au moment de l'acquisition.

b) Constatation du revenu

Dans le cas des ventes de billets pour lesquels le tirage n'a pas encore eu lieu, le revenu est comptabilisé d'avance. Pour les jeux instantanés, le revenu est comptabilisé lorsque le billet est vendu au client.

3 Distribution du bénéfice net

Le bénéfice net de la Société, moins les versements au gouvernement du Canada, doit être versé au Trésorier de l'Ontario.

4 Versements au gouvernement du Canada

Les diverses sociétés provinciales de loteries effectuent des versements au gouvernement du Canada dans le cadre d'un accord passé entre les gouvernements provinciaux et le gouvernement fédéral en août 1979. L'accord stipule que le gouvernement du Canada se retire de la vente des billets de loterie. La Société verse la part de l'Ontario à la Société de la loterie interprovinciale.

5 Engagements

Le 8 juillet 1986, le gouvernement a annoncé qu'il avait l'intention d'installer la majorité des services de la Société à Sault Ste. Marie. Ce transfert sera terminé en 1994. On prévoit qu'il aura coûté en tout 33 millions de dollars, sans compter les frais de location mentionnés ci-dessous, dont 14,3 millions de dollars de plus.

La Société est en train de conclure un bail de vingt ans, pour les locaux de Sault Ste. Marie, qui prévoit un loyer annuel minimal de 2,6 millions de dollars commençant le 1<sup>er</sup> mars 1992.

La Société est également en train de passer un contrat d'achat de nouveaux terrains d'accès direct qui représenteront 59 millions de dollars de dépenses en immobilisations, échelonnées sur les quatre prochains exercices.

6 Impôt sur le revenu

Étant une société de la Couronne de la province de l'Ontario, la Société est exemptée de l'impôt sur le revenu. Aucune provision pour l'impôt sur le revenu n'est donc nécessaire dans les états financiers.

7 Chiffres comparatifs

Certains chiffres remontant au 31 mars 1990 ont été reclassés pour respecter la présentation des états financiers adoptée au 31 mars 1991.

**Société des loteries de l'Ontario**

Etat du bénéfice net à verser au Trésorier de l'Ontario  
pour l'exercice clos le 31 mars 1991

1991	1990
(en milliers de dollars)	(en milliers de dollars)
Solde au début de l'exercice	2 613
Bénéfice net pour l'exercice	490 500
	508 089
	509 924
Moins :	
Versements au Trésorier de l'Ontario (note 3)	470 000
Versements au gouvernement du Canada de la part de la province de l'Ontario (note 4)	17 126
Taxe sur les produits et services	5 321
Solde à la fin de l'exercice	666
	2 613

Voir les notes afférentes aux états financiers.



**Société des loteries de l'Ontario**

Etat des résultats d'exploitation  
pour l'exercice clos le 31 mars 1991

CHIFFRE D'AFFAIRES		1991		1990	
Ventes de billets	1 350 815	(en milliers de dollars)	1 379 209	1 319 623	(en milliers de dollars)
Billets gratuits	28 394			63 833	
LOTS ET COMMISSIONS					
Lots	639 939		769 205	619 445	
Billets gratuits	28 394			63 833	
Commissions – détaillants et distributeurs				101 215	
Chiffre d'affaires moins lots et commissions				784 493	
				598 963	
FRAIS D'EXPLOITATION					
Frais d'administration et autres frais	61 843			48 254	
Publicité	33 998			26 213	
Dépenses en immobilisations	10 988			7 993	
Impression des billets	24 901			18 199	
				100 659	
Bénéfice d'exploitation	478 274			498 304	
Intérêts créditeurs	12 226			9 785	
Bénéfice net	490 500			508 089	

Voir les notes afférentes aux états financiers.

Société des loteries de l'Ontario

Bilan

au 31 mars 1991

1991		1990	
(en milliers de dollars)		(en milliers de dollars)	
<b>ACTIF</b>		<b>PASSIF</b>	
Encaisse	20 879	Lots non réclamés	63 505
Fonds en dépôt – lots	63 505	Bénéfice net à verser au Trésorier de l'Ontario	666
Payable par la Société de la loterie interprovinciale	2 830	Comptes fournisseurs et charges à payer	13 331
Intérêts courus	1 055	À payer à la Société de la loterie interprovinciale	–
Débiteurs	7 320	À payer au gouvernement du Canada	5 910
Frais payés d'avance	1 709	Revenu comptabilisé d'avance	13 886
		Engagements (note 5)	
			87 605
			97 298

Voir les notes afférentes aux états financiers.

Au nom du Conseil d'administration :

*Michael*

*Michael J. Goss*

Administrateur

Administratrice

## Répartition des produits

Les lots comprennent les lots en espèces et billets gratuits. Les lots en espèces ont atteint 639,9 millions de dollars, soit 47,4 % des ventes. Les lots sous forme de billets gratuits se sont chiffrés à 28,4 millions de dollars.

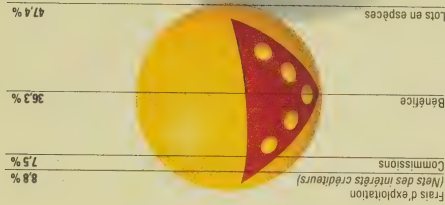
En 1990-1991, les frais d'exploitation se sont élevés à 131,7 millions de dollars, ce qui comprenait les frais de publicité, d'impression des billets, d'administration et d'équipement, et représentaient 9,8 % des ventes. Les intérêts créditeurs ont réduit cette proportion à 8,8 %. En 1989-1990, les frais d'exploitation avaient atteint 100,7 millions de dollars, soit 7,6 % des ventes. Les intérêts créditeurs avaient réduit cette proportion à 6,9 %.

Les administrateurs de la Société ont perçu en tout 60 595 \$ en indemnité journalière pendant l'exercice pour leur assistance à des réunions d'affaires.

### CHIFFRE D'AFFAIRES POUR L'EXERCICE CLOS LE 31 MARS 1991

(en millions de dollars)		1990-1991	
		Ventes de billets	Billets gratuits
Winario EXTRA	89	10	99
Lottario	93	—	93
Instant	259	14	273
Pick-3	34	—	34
Provincial	25	3	28
Lotto 6/49	757	—	757
ENCORE	77	—	77
Rafle nette	12	1	13
Loteries haut de gamme	5	—	5
Total	1 351	28	1 379

### Répartition du chiffre d'affaires 1990-1991



**Lots**

Les lots comprennent les lots en espèces et billets gratuits. Les lots en espèces ont atteint 639,9 millions de dollars, soit 47,4 % des ventes. Les lots sous forme de billets gratuits se sont chiffrés à 28,4 millions de dollars.

(en millions de dollars)		1989-1991	
		1989-1990	1990-1991
Lot en espèces	639,9	619,4	639,9
Billets gratuits	28,4	28,4	28,4
Total	668,3	647,8	668,3

**Lots non réclamés**

Les lots peuvent être réclamés pendant un an. Dans le bilan, la somme correspondant à tous les lots non réclamés figure à la rubrique « Lots non réclamés ». Cette somme recouvre trois catégories de lots non réclamés :

- i) lots des tirages remontant à moins d'un mois, ii) lots des tirages datant d'un à douze mois, et iii) lots des tirages remontant à plus de douze mois.

Ces derniers (iii) sont considérés comme non réclamés et affectés à des promotions bonis.

(EN MILLIONS DE DOLLARS)		1990-1991	
		1990-1990	1990-1991
Lot (0-1 mois)	19,0	19,0	19,0
Lot (1-12 mois)	7,3	7,3	7,3
Lot (12 mois et plus)	37,2	37,2	37,2
Total	63,5	63,5	63,5

**Commissions**

Les commissions versées aux 46 distributeurs indépendants et aux quelque 11 700 détaillants ont atteint 100,9 millions de dollars.

Les détaillants ont touché une commission de 8 % sur la vente des billets de Winario EXTRA et d'Instant et de 5 % sur les autres loteries. Ils touchent également un pourcentage des lots qu'ils paient. Les distributeurs, quant à eux, ont touché une commission de 1 % sur les billets d'Instant jusqu'au 31 décembre 1990, date à laquelle la commission a été portée à 2 %. Ils ont touché une commission moyenne de 2,5 % sur les billets de Winario EXTRA, de Provincial et des loteries haut de gamme et un forfait hebdomadaire de 4,50 \$



environnementale.

quels moyens elle pourrait mieux assumer sa responsabilité  
constitué un premier groupe de travail chargé d'examiner par  
En septembre 1990, le personnel de la SLO a



Comme beaucoup  
de grosses entreprises  
d'aujourd'hui, la  
Société des loteries  
de l'Ontario a fait  
du respect de  
l'environnement un  
de ses mots d'ordre.

se servent maintenant de tasses en porcelaine. Il y a aussi des «boîtes bleues» dans les locaux, de façon à ce que le personnel puisse recycler boîtes métalliques, verre et journaux.

La Société a également entrepris d'éduquer son personnel sur la réduction des déchets au travail et à la maison, et a invité, à cet effet, un écologiste de renom lors de l'assemblée annuelle de son personnel en 1990. Tous ceux qui assistaient à l'assemblée ont reçu un guide sur les moyens de réduire la pollution et de protéger l'environnement. En outre, ce sujet fait maintenant l'objet d'une chronique régulière dans le bulletin destiné aux employés.

Les délégués du personnel qui font partie des deux groupes de travail sur la protection de l'environnement à Sault Ste. Marie et à Toronto étudient actuellement d'autres mesures.

En janvier 1991, ces groupes ont rédigé un plan écologique exposant les objectifs de la Société à court et à long terme. Ils comptent travailler en collaboration avec d'autres groupes de la SLO pour procéder, par exemple, à un examen environnemental et mettre à l'essai des fiches de sélection et des billets de loterie imprimés sur papier recyclé.

Mentionnons également que le nouvel immeuble de la Société, sur les quais de la rivière St. Mary, à Sault Ste. Marie, sera respectueux de l'environnement. Ce sera en effet l'un des immeubles les mieux conçus de l'Ontario en ce qui concerne la qualité de l'air et les économies d'énergie.

Vingt pour cent de l'air qui y circulera sera constamment frais, et il sera complètement renouvelé toutes les heures ou toutes les deux heures. Des bureaux payasgers, des parois vitrées et des systèmes d'éclairage, de chauffage et de climatisation super efficaces permettront d'alléger les notes d'énergie. Nous sommes persuadés qu'après tous ces efforts, nous sommes en passe de devenir un exemple de responsabilité environnementale, tant dans le secteur des loteries que dans le secteur commercial en général.

omme beaucoup de grosses entreprises d'aujourd'hui, la Société des loteries de l'Ontario a fait du respect de l'environnement un de ses mots d'ordre.

Cette sensibilisation à la protection de l'environnement s'est accentuée chez nous lorsque le gouvernement de l'Ontario a désigné l'environnement comme domaine bénéficiaire des subventions provenant des loteries. La Société a alors voulu s'engager plus loin et devenir un exemple pour les autres entreprises.

En septembre 1990, le personnel de la SLO a constitué un premier groupe de travail chargé d'examiner par quels moyens la SLO pourrait mieux assumer sa responsabilité environnementale.

Une série de mesures se sont progressivement mises en place. La Société a ainsi instauré des programmes de recyclage du papier dans ses bureaux de Sault Ste. Marie et de Toronto. En outre, elle en a réduit sa consommation en intensifiant son recours aux messageries électroniques.

La Société emploie maintenant du papier recyclé pour une bonne partie de son matériel de PLV, de ses

*La SLO a mis en place une série de mesures environnementales.*



publications internes et externes, de ses communiqués de presse, de ses brochures, de ses formulaires administratifs et de ses blocs-notes. Elle prête également attention à la conduite de ses fournisseurs en matière écologique.

Plutôt que de boire leur café et autres boissons dans des gobelets en polystyrène, les employés de la Société





L'association athlétique mineure de Sarnia compte parmi les nombreux organismes bénéficiant des fonds des loteries. Une subvention de 3 937 \$ du ministère du Tourisme et des Loisirs a permis l'achat d'équipement de crosse.



Pour chaque dollar de vente, la SLO reverse 34,6 sous à l'Ontario pour ses divers programmes de subvention.



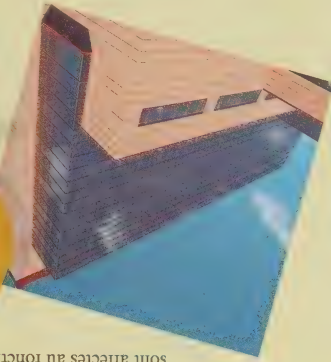


chaque fois qu'un joueur achète un billet d'une des loteries de la Société des loteries de l'Ontario, les belles oeuvres que nous appuyons grandissent un petit peu.

Pour chaque dollar de vente, la SLO rapporte 36,3 sous de bénéfices. Une fois les versements au gouvernement fédéral soustraits, la Société verse 34,6 sous à la province de l'Ontario, pour ses divers programmes de subvention. Et cet argent, qu'il aboutisse dans un petit village ou dans une grande agglomération, peut changer énormément la vie de ses habitants, en finançant, par exemple, la réfection d'un centre communautaire ou la formation du personnel bénévole d'une association caritative.

Depuis 1975, la vente des billets des diverses loteries de la SLO a rapporté plus de 4 milliards de dollars à la province. Cet argent sert à promouvoir et à développer le conditionnement physique, le sport et la culture, à aider la Fondation Trillium qui finance des oeuvres de bienfaisance locales et provinciales, et à protéger l'environnement. Les fonds qui n'ont pas été utilisés pour ces programmes au terme d'un exercice financier sont affectés au fonctionnement des hôpitaux.

**Le nouvel immeuble situé sur les quais à Saül Ste. Marie abrite maintenant le siège social de la Société des loteries de l'Ontario qui s'y est installée pendant l'exercice 1990-1991.**



En 1975, année de la création de la Société, la province a reçu 42 millions de dollars. Aujourd'hui, ce chiffre a plus que doublé, jusqu'au terme de l'exercice financier 1990-1991, la SLO a pu verser 470 millions de dollars de bénéfice au Fonds du revenu consolidé de la province. Voici un petit échantillon des entreprises utiles qui ont dernièrement bénéficié de telles subventions :

- À Elora, à l'ouest de Toronto, une subvention de 25 333 \$, accordée par le ministère du Tourisme et des Loisirs, a servi à l'aménagement d'un nouveau terrain de base-ball.

- La ville de Peterborough a reçu 216 984 \$ de subvention du ministère de la Culture et des Communications pour restaurer ses monuments historiques.
- La ville de Cambridge a pu aménager six terrains de soccer mineur grâce à une subvention de 60 000 \$ provenant du ministère du Tourisme et des Loisirs. Cet argent lui a été versé en septembre 1990.
- La fanfare Erin Mills Drum & Bugle Corps de Mississauga a obtenu une subvention de 4 000 \$ du ministère de la Culture et des Communications en mai 1990, qu'elle a consacrée à l'achat de matériel.
- Par l'intermédiaire du ministère des Affaires civiles, 117 272 \$ de subvention au cours de l'exercice 1990-1991, pour financer ses divers programmes.
- La société de développement communautaire d'Almonte a reçu 32 300 \$ en décembre 1990. Cette subvention de la Fondation Trillium devait servir à l'embauchage d'une personne chargée de mettre au point des programmes à l'intention des usagers handicapés et contribuer à l'achat d'une camionnette spécialement aménagée pour le transport de personnes en fauteuils roulants.
- En juin 1990, l'association multiculturelle de Dryden a réussi à faire subventionner ses manifestations et festivals à hauteur de 3 005 \$ par le ministère des Affaires civiles.
- En février 1991, une subvention de 670 \$ du ministère du Tourisme et des Loisirs a permis au club de patinage artistique de Haileybury de se déplacer pour disputer un championnat.
- Grâce à une subvention de 10 000 \$ du ministère de la Culture et des Communications, la bibliothèque publique d'East York a pu enrichir sa collection de vidéos.
- La Fondation Trillium a débouqué 78 800 \$ de subvention pour le YMCA familial de Sudbury, qui servira à acheter un système informatique, une camionnette, un bateau et deux fauteuils roulants.
- Le canton de South Crosby a reçu 8 500 \$ de subvention du ministère du Tourisme et des Loisirs en août 1990. Cet argent a été consacré à l'achat et à l'installation d'agres pour enfants.
- Chaque fois que les joueurs de l'Ontario achètent un billet de loterie, ils contribuent à entretenir une source stable de financement pour les nombreuses causes utiles que financent les bénéfices des loteries.



our le cinquième exercice consécutif, la Société des loteries de l'Ontario (SLO) a affiché un chiffre d'affaires supérieur à un milliard de dollars. Il a en effet dépassé 1,35 milliard de dollars cet exercice, soit 31,2 millions de dollars de plus que l'exercice précédent – notre plus forte progression depuis quatre ans.

Lotto 6/49 et ENCORE ont enregistré des ventes records de 757 millions de dollars et 77 millions de dollars respectivement, tandis que les ventes d'Instant ont progressé de 12 millions de dollars pour atteindre 259 millions. Nous avons lancé une série de nouveaux thèmes et graphismes pour nos loteries instantanées et essayé avec succès des loteries de formules inédites basées sur les fêtes de Noël («Cadeau des fêtes») et de la Saint-Valentin («Mon petit cœur d'or»). Nous avons également lancé une loterie haut de gamme baptisée Célébration 91, dont il s'est vendu pour 5 millions de dollars de billets. Les ventes de Winario EXTRA (89 millions de dollars), Lottario (93 millions de dollars), Provincial (25 millions de dollars) et Pick-3 (34 millions de dollars) ont quant à elles décliné pendant l'exercice. Ayant rapidement discerné cette tendance, nous avons réussi à la pallier par une nouvelle structure des lots plus intéressants et des (comportant des lots plus intéressants et des chances plus élevées de gagner), une révision de la formule de Lottario et un soutien publicitaire et promotionnel innovateur pour tous ces jeux.

Suite à la désignation, par le gouvernement de l'Ontario, de l'environnement comme domaine bénéficiaire des subventions provenant des loteries, la SLO a lancé en juillet 1990 Raffle nettes, un nouveau jeu à accès direct dont les bénéfices étaient réservés à la protection de l'environnement. Bien qu'il ait su plaire à une certaine catégorie de joueurs, il n'a pas eu le succès escompté et, à la fin de l'exercice, la suppression de cette loterie était en cours.

Rafle netre a eu le mérite de sensibiliser la Société à la protection de l'environnement. Nous avons constitué des groupes de travail sur le sujet, et avons entrepris plusieurs initiatives à la protection de l'environnement. Alors que le chiffre d'affaires de la Société a augmenté pendant cet exercice, son bénéfice net a baissé de 17,6 millions de dollars, passant de 508,1 millions à 490,5 millions. Cette baisse était en grande partie due à

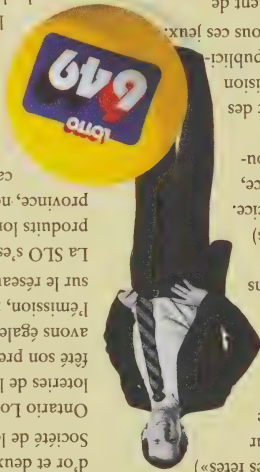
l'augmentation des frais d'exploitation attribuable à la poursuite de notre transfert à Sault Ste. Marie et à l'augmentation de la masse des lots de nos loteries. En mars, nous avons produit une nouvelle publicité mettant en scène les Popovers roulanter, organisme bénévole qui distribue des repas chauds aux personnes âgées ou handicapées. Cet organisme reçoit des subventions de la Fondation Trillium, elle-même financée par les bénéfices des loteries.

Pendant l'exercice 1990-1991, la qualité et le professionnalisme de notre publicité ont été salués sur le plan international lors d'un concours de l'association nord-américaine des loteries d'État et des loteries provinciales. La Société a capturé quatre prix, soit deux médailles d'or et deux médailles d'argent, plus que toute autre Société de loteries.

Ontario Lottery Live, l'émission d'information sur les loteries de la SLO diffusée le samedi sur TVOntario, a fêté son premier anniversaire en janvier 1991. Nous avons également introduit une version française de l'émission, intitulée Loterie en direct, qui passe le samedi sur le réseau francophone de TVO, La Chaine.

La SLO s'est de plus en plus attachée à promouvoir ses produits lors de manifestations culturelles dans toute la province, notamment l'Exposition nationale canadienne et Caribana 90, à Toronto, le Festival des lumières de Niagara Falls où nous avons lancé Célébration 91, et le Bal de neige d'Ottawa.

Nous sommes plus que jamais des gens de nous acquitter de nos obligations envers les Ontariens, c'est-à-dire de leur proposer des loteries captivantes qui rapportent des fonds destinés à des projets et programmes communautaires utiles.



Notre équipe met tout en œuvre pour fournir aux détaillants et aux joueurs les meilleurs produits et services possible et tenir le public et les médias au courant de nos activités de la façon la plus directe. La faveur du public et des joueurs pour nos produits et les bénéfices qui l'attirent nous permet d'affirmer en toute confiance que «Grâce à nous tous, les plus belles œuvres grandiront.»

Le président,

Jan Nielsen-Jones



otre exercice 1990-1991 restera dans les mémoires comme la première page d'un nouveau chapitre de l'histoire de la Société des loteries de l'Ontario (SLO).

C'est en effet pendant cette période que la SLO a officiellement déménagé son siège de Toronto au nord de l'Ontario, à Sault Ste. Marie. Pendant notre premier exercice complet dans cette ville, nous avons occupé des locaux provisoires en attendant l'achèvement de notre immeuble de 47 millions de dollars sur les quais. Nous comptons nous y installer d'ici la fin de l'automne 1991. La Société conservera cependant deux locaux à Toronto : son bureau principal des prix ainsi qu'un centre de données.

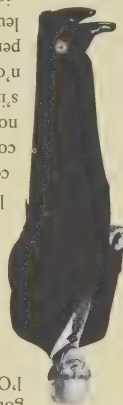
Suite à notre transfert (dans le cadre du programme gouvernemental de développement du nord de l'Ontario), notre personnel s'est en grande partie renouvelé, ce qui a contribué à une revitalisation de nombreux aspects de notre exploitation.

Depuis son entrée dans la Société, ce nouveau personnel a aussi fait preuve d'une compétence et d'un dévouement absolus.

Nous nous devons également de mentionner les employés qui travaillaient pour nous avant ce transfert. Nous nous félicitons d'avoir pu conserver l'expérience et le savoir-faire d'un grand nombre d'entre eux, qui ont accepté de venir s'installer à Sault Ste. Marie. Quant à ceux qui n'ont pu nous y suivre pour des raisons personnelles ou familiales, nous les remercions de leurs bons et loyaux services et du rôle qu'ils ont joué dans nos réussites passées.

Au terme de cet exercice financier, la Société employait environ 260 personnes à Sault Ste. Marie. Lorsque son transfert sera terminé, cet effectif passera à 375 personnes, ce qui représente une masse salariale annuelle de quelque 16 millions de dollars. Nous continuons en outre à faire appel à divers fournisseurs de la ville et de la région pour les biens et les services dont nous avons besoin.

Mais les liens évoqués dépassent les simples considérations économiques. Au cours de l'exercice écoulé, la SLO et son personnel ont participé à toute une série de grandes manifestations communautaires.



## Message du président du Conseil

Nous avons ainsi parrainé l'automnal de l'Aligoma, le festival de l'arrivée de l'été, les fêtes de diversesc communautés, le défilé du Père Noël et Bon Soo, le célèbre carnaval d'hiver de Sault Ste. Marie. Nous avons également collecté des fonds pour certaines associations caritatives de la région, notamment Centraide et Christmas Cher.

Quoique considérablement réduit, notre personnel de Toronto a continué à soutenir généreusement les campagnes de Centraide et de Federated Health. En tant que société à but lucratif, nous venons de franchir un cap important de notre histoire financière : vers la fin de cet exercice, notre apport au Fonds du revenu consolidé a atteint la barre des 4 milliards de dollars, ce dont nous sommes tous très fiers.

Nous bouclons l'exercice financier 1990-1991 prêts à accomplir de nouveaux exploits pendant le prochain. La tâche nous est en partie facilitée par l'enthousiasme soutenu du public pour nos loteries. Pouvant compter sur un personnel dynamique et dévoué, sur des détaillants pleins de zèle et des consommateurs fidèles, la Société continuera à subventionner grâce à ses loteries une foule d'entreprises utiles dans toute la province de l'Ontario.

Walter G. D. Stothers

*Walter G. D. Stothers*

Le président du Conseil.

Nous bouclons l'exercice financier 1990-1991 prêts à accomplir de nouveaux exploits pendant le prochain.





Depuis sa création en 1975, la Société des

loteries de l'Ontario (SLO) a rapporté plus de 4 milliards de dollars de subventions à la province de l'Ontario, grâce à la vente des billets de ses loteries.

La Société a débuté avec une seule loterie, Wintario, dont le billet à un dollar permettait aux joueurs de gagner un gros lot de 100 000 \$. Aujourd'hui, Wintario est devenue Wintario EXTRA et elle fait partie d'une famille nombreuse de loteries de toutes sortes.

Au cours de l'exercice 1990-1991, la Société a exploité les loteries Wintario EXTRA, Lottario, Instant, Pick-3, ENCORE, Raffle nette (loteries ontariennes), Provincial, Loto 6/49 et des loteries haut de gamme périodiques (loteries interprovinciales).

Les loteries constituent un divertissement à bon marché. En outre, les bénéfices qu'elles dégagent contribuent à soutenir toutes sortes de causes valables, comme le sport et le conditionnement physique, les loisirs et la culture et les oeuvres de bienfaisance. En juillet 1990, le gouvernement provincial a fait de l'environnement un nouveau bénéficiaire des fonds de loteries.

Parmi les ministères responsables de l'affectation des bénéfices provenant des loteries figurent les ministères du Tourisme et des Loisirs, des Affaires civiques, de l'Environnement et de la Culture et des Communications. Toute une série d'associations bénévoles d'envergure provinciale ou locale reçoivent des fonds de la Fondation Trillium, par l'intermédiaire de son Programme de subventions provinciales et régionales.

Les fonds non utilisés par ces programmes sont affectés au fonctionnement des hôpitaux.

FAITS SAILLANTS DE L'EXERCICE 1990-1991

Chiffre d'affaires • Ventes de billets de 1,35 milliard de dollars, en hausse de 31,2 millions de dollars

Bénéfice • 490,5 millions de dollars, en baisse de 17,6 millions de dollars

Lots • Lots en espèces : 639,9 millions de dollars, en hausse de 20,5 millions de dollars

Lots non réclamés • 63,5 millions de dollars

Les lots peuvent être réclamés pendant un an. Dans le bilan, la somme correspondant à tous les lots non réclamés figure à la rubrique « Lots non réclamés ».

Cette somme recouvre trois catégories de lots non réclamés :

i) les lots gagnés à des tirages remontant à moins d'un mois;

ii) les lots gagnés à des tirages datant d'un à douze mois; et

iii) les lots gagnés à des tirages remontant à plus de douze mois.

Ces derniers (iii) sont considérés comme non réclamés et affectés à des promotions bonis.

1990-1991 (en millions de dollars)	
Lots (0-1 mois)	19,0
Lots (1-12 mois)	7,3
Lots (12 mois et plus)	37,2
Total	63,5

Frais d'exploitation • 8,8 % des ventes de billets  
Frais d'exploitation, nets des intérêts créditeurs :

119,5 millions de dollars

Commissions • 100,9 millions de dollars, en baisse de

0,3 million de dollars

Nouveaux jeux • Raffle nette - juillet 1990

FAITS SAILLANTS DES RÉSULTATS D'EXPLOITATION SUR DIX ANS (EN MILLIONS DE DOLLARS)

	1981-1982	1982-1983	1983-1984	1984-1985	1985-1986	1986-1987	1987-1988	1988-1989	1989-1990*	1990-1991
Ventes de billets	448,6	494,7	608,8	759,5	946,4	1 254,4	1 273,9	1 300,6	1 319,6	1 350,8
Commissions	41,4	44,1	50,3	60,6	75,4	100,2	101,1	102,4	101,2	100,9
Lots en espèces et billets gratuits	271,9	294,4	341,0	415,5	510,9	673,8	679,6	685,6	683,2	668,3
Total des frais d'exploitation	36,2	45,7	46,0	75,8	81,5	83,6	85,3	96,6	100,7	131,7
Intérêts	8,9	6,4	4,6	5,5	6,4	5,8	5,6	6,3	9,8	12,2
Bénéfice net	166,3	172,2	229,1	265,5	346,4	485,0	495,2	499,6	508,1	490,5
Nombre de loteries	4	5	6	6	6	6	6	6	7	8

\* Le coût des billets de Provincial a été classé autrement pour l'exercice 1989-1990 uniquement, conformément à la présentation des états financiers adoptée le 31 mars 1991. Cela modifie les lots en espèces, les frais d'exploitation et les intérêts nets.

## Membres du Conseil

Walter G. D. Stothers, F.C.A.  
 Thornhill, président du Conseil  
 (17 avril 1986 - 16 février 1992)

Sandra McKinnon Jolley  
 Toronto, vice-présidente du Conseil  
 (2 juin 1986 - 16 février 1992)

Anne B. Bender  
 Mississauga, administratrice  
 (26 mars 1987 - 16 février 1993)

David Polowin  
 Nepean, administrateur  
 (26 février 1987 - 16 février 1993)

Milton Joseph Lewis  
 Hamilton, administrateur  
 (9 mars 1990 - 16 février 1993)

Gary S. Dibb  
 Toronto, administrateur  
 (21 mars 1990 - 16 février 1993)

Reinhard Zobrist  
 Bracebridge, administrateur  
 (5 octobre 1989 - 16 février 1992)

Jane Stechly  
 Mississauga, administratrice  
 (6 juin 1991 - 16 février 1994)

Kyung B. Lee  
 Toronto, administrateur  
 (6 septembre 1991 - 16 février 1994)

**Direction**

Ian Nielsen-Jones  
 président

Tom Dalton  
 vice-président

Finances et administration

George Kourts  
 vice-président

Ventes et distribution

Patrick McDougall  
 vice-président

Communications

D'Arcy McGee  
 vice-président

Systèmes informatiques, Technologie

Philip Rowlat-Smith  
 vice-président

Marketing

Lou Fera  
 directeur principal

Ressources humaines

Terry Dyer  
 contrôleur

Bénéficiaire d'une subvention Trillium, les Popotes roulaient est un des nombreux organismes en Ontario bénéficiant de fonds des loteries. L'annonce publicitaire de la Société des loteries de l'Ontario évoque les Popotes roulaient, oeuvre formée de bénévoles qui distribuent des repas chauds et nutritifs à domicile aux personnes âgées ou handicapées. On voit ici «Jackie», une bénévole, apporter un déjeuner chaud à «Monsieur Harding».

Photo en couverture par Yuri Dojc.

Le 30 septembre 1991

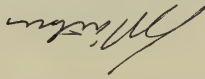
L'honorable Peter North  
 Ministre du Tourisme et des Loisirs  
 77, rue Bloor ouest  
 Toronto (Ontario)  
 M7A 2R9

Monsieur le Ministre,

En vertu des dispositions de la Loi sur la Société des loteries de l'Ontario, je suis heureux de vous soumettre le rapport annuel de la Société des loteries de l'Ontario pour l'exercice clos le 31 mars 1991.

Veillez agréer, Monsieur le Ministre, l'expression de mes sentiments distingués.

Le président du Conseil,  
 Walter G. D. Stothers






Depuis 1975,  
les bénéfices  
provenant de la  
vente de billets de  
loterie divers se  
sont élevés à plus  
de 4 milliards de  
dollars de profit  
pour la province.

Société des loteries de l'Ontario  
Ontario Lottery Corporation





**ONTARIO LOTTERY CORPORATION**

CAZON  
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-A 56

ANNUAL REPORT  
1991-1992



**Ontario Lottery Corporation**  
**Société des loteries de l'Ontario**

July 28, 1992

The Honourable Peter North  
Minister of Tourism and Recreation  
77 Bloor St. West  
Toronto, Ontario  
M7A 2R9

Dear Mr. North:

Pursuant to the provisions of the *Ontario Lottery Corporation Act*, I am pleased to present the annual report of the Ontario Lottery Corporation for the year ending March 31, 1992.

Yours very truly,



Dr. Frederick Griffith  
Chair of the Board

#### FRONT COVER

The painting called *Fortuna*, by artist David Wright, is a unique artistic feature at the OLC's Sault Ste. Marie headquarters in Roberta Bondar Place. *Fortuna*, with wheel in hand, represents everyone's eternal quest for good fortune. She is an adaptation of a 16<sup>th</sup> century Flemish etching. The painting also depicts the geography and landmarks of the District of Algoma.

Front cover photo by James Brawley.

## ***ABOUT THE ONTARIO LOTTERY CORPORATION***

Since its inception in 1975, the Ontario Lottery Corporation (OLC) has raised more than \$4.5 billion for grant programs in the Province of Ontario through the sale of lottery tickets.

In 1991/92, the Corporation operated Wintario EXTRA, Lottario, Instant, Pick-3, ENCORE, Cleansweep (Ontario-only games), Provincial, Lotto 6/49 and Celebration 92, an interprovincial Special Event game.

Lotteries provide a low-cost form of fun and entertainment. In addition, lottery profits support a number of worthwhile causes, including sports and physical fitness, recreational and cultural activities, social service organizations and the environment.

The ministries involved in allocating lottery profits include: Tourism and Recreation; Citizenship; and Culture and Communications. Province-wide and local social service agencies receive grants from the Trillium Foundation, an organization funded with lottery profits.

Any proceeds not used for the above grant programs are allocated to the operation of hospitals. In 1991/92, the Ministry of the Environment also received lottery funds.



## 1991/92 HIGHLIGHTS

- Sales** • Sales were \$1.406 billion, up \$55.5 million
- Net Profits** • \$458.5 million, down \$9.6 million
- Prizes** • Cash prizes - \$674.2 million, up \$34.2 million

### Prize Money Unclaimed

- \$56 million
  - Prizes may be claimed for up to one year. For reporting purposes on the balance sheet, all unclaimed prize money is combined under the heading "Prize money unclaimed." These funds fall into three categories:
    - i) prizes from draws less than one-month old;
    - ii) prizes from draws one- to 12-months old; and
    - iii) prizes from draws that are more than 12-months old.
- These latter funds (iii) are considered unclaimed and are used for bonus promotions.

1991/92	(\$ Millions)
Prizes (0-1 month)	10.5
Prizes (1-12 months)	6.9
Prizes (12+ months)	38.6
Total	56.0

### Operating Expenses

- 7 per cent of sales
- Operating expenses were \$98.2 million

## 10-YEAR REVIEW

Operating Highlights (\$ Millions)

	1982 - 1983	1983 - 1984	1984 - 1985	1985 - 1986	1986 - 1987	1987 - 1988	1988 - 1989	1989 - 1990	1990 - 1991	1991 - 1992
<b>Sales</b>	494.7	608.8	759.5	946.4	1,254.4	1,273.9	1,300.6	1,319.6	1,350.8	1,406.3
<b>Cash Prizes</b>	239.0	288.0	363.0	449.6	591.4	598.0	608.3	619.4	639.9	674.2
<b>Net Profits*</b>	163.5	216.7	249.6	320.7	458.7	471.1	484.1	491.8	468.1	458.5
<b>Number of Games</b>	5	6	6	6	6	6	6	7	8	8

\* Payments to Government of Canada have been included in prior-year comparisons to conform with the 1992 presentation.

July 28, 1992

The Honourable Peter North  
Minister of Tourism and Recreation  
77 Bloor St. West  
Toronto, Ontario  
M7A 2R9

Dear Mr. North:

Pursuant to the provisions of the *Ontario Lottery Corporation Act*, I am pleased to present the annual report of the Ontario Lottery Corporation for the year ending March 31, 1992.

Yours very truly,



Dr. Frederick Griffith  
Chair of the Board

#### FRONT COVER

The painting called *Fortuna*, by artist David Wright, is a unique artistic feature at the OLC's Sault Ste. Marie headquarters in Roberta Bondar Place. *Fortuna*, with wheel in hand, represents everyone's eternal quest for good fortune. She is an adaptation of a 16<sup>th</sup> century Flemish etching. The painting also depicts the geography and landmarks of the District of Algoma.

Front cover photo by James Brawley.



## **ABOUT THE ONTARIO LOTTERY CORPORATION**

Since its inception in 1975, the Ontario Lottery Corporation (OLC) has raised more than \$4.5 billion for grant programs in the Province of Ontario through the sale of lottery tickets.

In 1991/92, the Corporation operated Wintario EXTRA, Lottario, Instant, Pick-3, ENCORE, Cleansweep (Ontario-only games), Provincial, Lotto 6/49 and Celebration 92, an interprovincial Special Event game.

Lotteries provide a low-cost form of fun and entertainment. In addition, lottery profits support a number of worthwhile causes, including sports and physical fitness, recreational and cultural activities, social service organizations and the environment.

The ministries involved in allocating lottery profits include: Tourism and Recreation; Citizenship; and Culture and Communications. Province-wide and local social service agencies receive grants from the Trillium Foundation, an organization funded with lottery profits.

Any proceeds not used for the above grant programs are allocated to the operation of hospitals. In 1991/92, the Ministry of the Environment also received lottery funds.

## 1991/92 HIGHLIGHTS

- Sales** • Sales were \$1.406 billion, up \$55.5 million
- Net Profits** • \$458.5 million, down \$9.6 million
- Prizes** • Cash prizes - \$674.2 million, up \$34.2 million

### Prize Money Unclaimed

- \$56 million
- Prizes may be claimed for up to one year. For reporting purposes on the balance sheet, all unclaimed prize money is combined under the heading "Prize money unclaimed." These funds fall into three categories:
  - i) prizes from draws less than one-month old;
  - ii) prizes from draws one- to 12-months old; and
  - iii) prizes from draws that are more than 12-months old.These latter funds (iii) are considered unclaimed and are used for bonus promotions.

1991/92	(\$ Millions)
Prizes (0-1 month)	10.5
Prizes (1-12 months)	6.9
Prizes (12+ months)	38.6
Total	56.0

### Operating Expenses

- 7 per cent of sales
- Operating expenses were \$98.2 million

## 10-YEAR REVIEW

Operating Highlights (\$ Millions)

	1982 - 1983	1983 - 1984	1984 - 1985	1985 - 1986	1986 - 1987	1987 - 1988	1988 - 1989	1989 - 1990	1990 - 1991	1991 - 1992
<b>Sales</b>	494.7	608.8	759.5	946.4	1,254.4	1,273.9	1,300.6	1,319.6	1,350.8	1,406.3
<b>Cash Prizes</b>	239.0	288.0	363.0	449.6	591.4	598.0	608.3	619.4	639.9	674.2
<b>Net Profits*</b>	163.5	216.7	249.6	320.7	458.7	471.1	484.1	491.8	468.1	458.5
<b>Number of Games</b>	5	6	6	6	6	6	6	7	8	8

\* Payments to Government of Canada have been included in prior-year comparisons to conform with the 1992 presentation.



## **MESSAGE FROM THE CHAIR**

The Ontario Lottery Corporation continues to keep pace with the future. Our 1991/92 fiscal year was marked by positive growth and changes in the Corporation. We restructured; introduced state-of-the-art technology; and moved into new headquarters in Sault Ste. Marie.

One of the year's highlights was the reorganization of our sales and distribution network. In January 1992, we established six new regional sales offices: two in the Toronto area, and one each in London, Stoney Creek (near Hamilton), Ottawa and Sault Ste. Marie. Approximately 180 new employees—largely from the previous distribution system—joined our ranks with the opening of the regional offices. They are helping us serve our retailers and customers better and, as a result, we are looking forward to even higher sales and at a lower selling cost.

During the fiscal year, we brought the auditing and verification of our winning Instant and Passive tickets in-house. This has resulted in a cost-savings for the Corporation. It also allows our sales representatives to spend less time on administrative tasks and more on sales activities.

In July 1991, the OLC signed an agreement with GTECH Corporation for the purchase of 8,480 new on-line gaming terminals over four years. The terminals, which began to arrive in January 1992, provide the OLC with the ability to add additional games and enhance existing ones. They also enable more retailers to sell Lotto 6/49 and other on-line lottery games.

A project was initiated to redevelop the on-line gaming software. This redevelopment of the existing system will allow a larger and more diverse array of on-line games and reduce the time it takes to develop new products. In addition, there will be greater flexibility for game bonuses and more than one new gaming project can be developed simultaneously.

Throughout the year, we prepared for a June 1992 launch of the new Lotto Advance consumer subscription service. The service, offered for Lotto 6/49 tickets, is available to lottery players at no

additional cost above the ticket price. OLC staff verify if the tickets have won and automatically notify the winners.

The Lotto Advance subscription service offers ticket-buying convenience to our lottery players. It enables those vacationing outside Ontario or Canada to continue playing their favorite Lotto 6/49 numbers while away; it simplifies purchasing tickets for office pools by group players; it assists those with physical or time constraints who find it difficult to visit their local retailer; and it provides consumers with a low-cost form of gift-giving.

In early 1992, many of our staff moved into the OLC's new headquarters at Roberta Bondar Place in Sault Ste. Marie. The official opening in late January was an important milestone in completing the Corporation's relocation to its northern home. The Corporation continues to have a presence in Toronto through a number of departments such as a Prize Office, our Draws and Television Production unit and a Data Centre.

February 1992 was a significant month as Walter G. D. Stothers, chair of the OLC's board of directors, completed his term of office. We owe him and the OLC's retiring vice-chair, Sandra McKinnon Jolley, much appreciation for their numerous contributions during the last six years.

The Ontario Lottery Corporation continues to have a bright future and I am proud to be associated with it. I look forward to serving and participating in the OLC's important work.



Dr. Frederick Griffith  
Chair

## **MESSAGE FROM THE PRESIDENT**

Fiscal 1991/92 was another successful year for the Ontario Lottery Corporation. We continued to be a vibrant corporation—fast-paced, dynamic and goal-oriented—able to take on the many challenges of earning revenue for the province through the sale of lottery products.

Lotteries offer Ontarians fun and entertainment. More importantly, they contribute millions of dollars towards the many worthwhile grant programs that benefit the people of Ontario. During our 17 years of operations, we have deposited more than \$4.5 billion into the Consolidated Revenue Fund from which grants are allocated. In the 1991/92 fiscal year, our sales were a record \$1.406 billion, resulting in net profits of \$458.5 million for the province. Sales increased \$55.5 million over 1990/91, our largest increase in five years.

Compared to the previous fiscal year, our net profits for 1991/92 were down \$9.6 million. The decrease was due to the impact of the Goods and Services Tax (GST), an increase in capital costs (for the replacement and expansion of our computer systems), and more prizes offered.

The OLC's success is due to our ability to improve the products we offer our players and our efforts to constantly improve service to our retailers and consumers.

We expect an annual sales increase of 15 per cent or more in Lottario with the February 1992 relaunch of the game in a 6/45 format. For the same \$1 ticket price, players now receive two six-number selections. The game also features improved odds of winning and faster growing jackpots. In March 1992, we introduced a new format for the Provincial lottery, increasing the game's top prize to \$1 million from \$500,000 and adding a second instant portion.

During the fiscal year, we test-marketed \$1 Instant tickets in five cities. They were made available across the province in February 1992 as a result of a definite consumer interest in this product extension. A \$5 Instant ticket, Ontario Instant Millions, was launched in February and was an instant hit. The tickets sold out quickly in stores. We also introduced 24 new \$2 Instant tickets during the year, with a variety of themes and colourful and exciting ticket designs.

A much-anticipated development was the provincial government's approval of sports lotteries. We are preparing for the launch of Sport Select in the fall of 1992. The revenue earned from Pro Line,



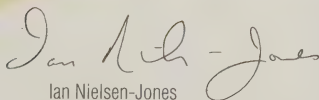
our first sports lottery game, will more than offset the sales loss of Cleansweep, which was withdrawn from the market during this fiscal year due to relatively low ticket sales.

In 1991/92, the OLC launched four successful direct-mail campaigns. These informed consumers about our products, enabled players to try them, and outlined the many worthwhile causes that lottery profits support. One campaign in November 1991 included an offer for a free ENCORE with the purchase of a Lotto 6/49 ticket. This offer experienced a response rate of 19.3 per cent (the overall, direct mail, coupon redemption rate is between 5 and 7 per cent).

During the year, the OLC earned international recognition for the quality of its advertising. A Pick-3 television commercial and a Cleansweep newspaper ad won two gold BATCHY awards at the North American State and Provincial Lottery Association conference in Washington. At the Intertoto Awards in Sweden, the Corporation was also awarded a "fifth best" for an ENCORE television commercial. The awards attracted more than 100 international entries from over 30 countries.

Throughout the year, the OLC relied on the Community Partner mobile stage to carry its "Together we're making good things happen" message to communities. The OLC has increased its involvement in cultural, musical and recreational events of every description. The stage and sponsorships allow us to maintain a high community profile that's positive for the Corporation and is a benefit to communities and organizations. At local events, OLC staff have volunteered their personal time as a community service.

None of the OLC's fine work can be accomplished without the support and teamwork of staff. With over 650 employees working in five cities, we provide our retailers and players with the best possible products and service. Together we've earned our success. Together we're making good things happen in Ontario.

A handwritten signature in dark ink, reading "Ian Nielsen-Jones". The signature is fluid and cursive, with the first name "Ian" and last name "Nielsen-Jones" clearly legible.

Ian Nielsen-Jones  
President

## **TRILLIUM FOUNDATION SUPPORTS SOCIAL SERVICE ORGANIZATIONS**

---

Every year, the Trillium Foundation distributes lottery funds to hundreds of voluntary social service organizations providing services in Ontario to people who are disabled or disadvantaged.

Established in 1982, the Trillium Foundation is a model link between the government and the voluntary sector. The Foundation receives \$17 million annually in lottery profits. Since its inception, Trillium has granted and pledged more than \$164.6 million (as of March 31, 1992) to social service organizations in Ontario.

The Foundation has two grant programs. Its Provincial Grants Program provides funds to province-wide organizations and their local branches or member groups. The Regional Grants Program makes funds available to independent social service organizations within their local communities. Below is a sampling of worthwhile projects that received funding in the 1991/92 fiscal year:

- The Big Sisters Association of Ontario obtained a \$1,046,800 grant to increase public awareness and expand direct services at the local level.
- A grant of \$150,000 helped the Sarnia Family YMCA purchase furniture and equipment for their new day-care program for frail seniors.
- The Food Bank of Waterloo Region in Kitchener used a \$34,100 grant to expand its community outreach, public education and fund-raising efforts.
- Kashadaying Residence, a home-away-from-home for Native students attending post-secondary educational institutions in Thunder Bay, obtained a \$51,500 grant to purchase furniture and equipment for its newly-built residence, in addition to a van.
- The Ontario Therapeutic Riding Association in Almonte used a \$197,800 grant to develop educational workshops on therapeutic riding, to co-ordinate training in fund raising and (at the local level) to pay for equipment, certification of instruction and general expansion of riding programs.

Thanks to Trillium Foundation grants, voluntary social service organizations across the province are able to offer improved service and more programs to people in Ontario who are disabled or disadvantaged. Together, the OLC and the Trillium Foundation are making good things happen.

## **DISTRIBUTION OF SALES**

### **Direct Costs**

#### *Prizes*

Total cash prizes reached \$674.2 million, representing 48 per cent of sales.

#### *Commissions*

Commissions paid to 46 independent distributors and approximately 11,700 retailers reached \$100.7 million. In January 1992, the OLC reorganized its sales and distribution system and now operates six regional sales offices across the province.

During 1991/92, retailers received a commission of eight per cent for selling Wintario EXTRA and Instant tickets and five per cent for other games. Prize redemption fees were also paid. During 1991, distributors received two-per-cent commission on Instant tickets and an average of 2.5-per-cent commission on Wintario EXTRA, Provincial and Special Event tickets. A weekly service fee of \$4.50 per terminal was provided to distributors delivering supplies to on-line lottery terminals in their territory.

#### *Brand Advertising*

The costs of brand advertising in 1991/92 totalled \$16.9 million.

#### *Ticket Printing*

Total ticket printing consists of the cost of printing tickets and the cost of communications between the Corporation's central computer and retailers' on-line gaming terminals (EDP line costs).

	<b>1991/92</b> (\$ Millions)
Ticket Printing	16.3
EDP Line Costs	12.5
Total	28.8



## Operating Expenses

In 1991/92, operating costs (comprising corporate advertising, administration and equipment) were \$98.2 million and represented seven per cent of sales. Interest income reduced this to 6.3 per cent.

The Corporation's board of directors was paid a total of \$51,750 in per-diems in the year for attending business meetings.

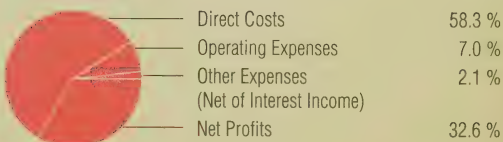
## Other Expenses

There are two types of other expenses. The Goods and Services Tax (GST) is one. See note 3 to the financial statements on page 14 for the other.

## Sales – Year Ending March 31, 1992

	1991/92 (\$ Millions)
Wintario EXTRA	64
Lottario	95
Instant	290
Pick-3	37
Provincial	20
Lotto 6/49	805
ENCORE	86
Special Event	7
Cleansweep	2
Total	1,406

## Distribution of Sales 1991/92



Together we're making

# **ONTARIO LOTTERY CORPORATION**

## **BALANCE SHEET**

as at March 31, 1992

(in thousands of dollars)

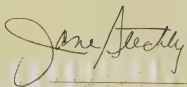
	<b>1992</b>	<b>1991</b>
<b>Assets</b>		
Cash	54,486	20,879
Prize Funds on Deposit	56,028	63,505
Due from Interprovincial Lottery Corporation	1,640	2,830
Accrued Interest	1,579	1,055
Accounts Receivable	4,537	7,320
Prepaid Expenses	5,388	1,709
	<b>123,658</b>	<b>97,298</b>
<b>Liabilities</b>		
Prize Money Unclaimed	56,028	63,505
Net Profits Due to Treasurer of Ontario	3,994	666
Accounts Payable and Accrued Liabilities	31,054	13,331
Due to Government of Canada	2,450	5,910
Deferred Income	30,132	13,886
Commitments (note 4)		
	<b>123,658</b>	<b>97,298</b>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

**ONTARIO LOTTERY CORPORATION**  
**STATEMENT OF OPERATIONS**

for the year ended March 31, 1992

(in thousands of dollars)

	1992	1991
<b>Sales</b>	<b>1,406,294</b>	<b>1,350,815</b>
<b>Direct Costs</b>		
Prizes	674,155	639,939
Commissions - Retailers and Distributors	100,721	100,264
Brand Advertising	16,920	21,559
Ticket Printing	28,812	37,440
	<b>820,608</b>	<b>799,202</b>
<b>Sales Less Direct Costs</b>	<b>585,686</b>	<b>551,613</b>
<b>Operating Expenses</b>		
Administration and Other Expenses	77,366	62,351
Capital Expenditures	20,857	10,988
	<b>98,223</b>	<b>73,339</b>
<b>Net Income From Operations</b>	<b>487,463</b>	<b>478,274</b>
Interest Income	10,234	12,226
Payments to Government of Canada		
- on behalf of the Province of Ontario (note 3)	17,916	17,126
- Goods and Services Tax	21,325	5,321
<b>Net Profits</b>	<b>458,456</b>	<b>468,053</b>

See accompanying notes to financial statements.



**ONTARIO LOTTERY CORPORATION  
STATEMENT OF NET PROFITS DUE TO  
TREASURER OF ONTARIO**

for the year ended March 31, 1992

(in thousands of dollars)

	<b>1992</b>	<b>1991</b>
Balance, beginning of year	666	2,613
Net Profits	458,456	468,053
	<b>459,122</b>	<b>470,666</b>
Less payments to Treasurer of Ontario	455,128	470,000
<b>Balance, end of year</b>	<b>3,994</b>	<b>666</b>

See accompanying notes to financial statements.

# **ONTARIO LOTTERY CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

March 31, 1992

### **1. Nature of the Corporation**

The Ontario Lottery Corporation was incorporated without share capital on February 6, 1975 pursuant to the *Ontario Lottery Corporation Act* ("Act"). The Corporation is responsible for the conduct and management of lottery games in Ontario. The Wintario EXTRA, Lottario, Instant, ENCORE, Pick-3 and Cleansweep lotteries are conducted solely by the Corporation, whereas, the Provincial, Special Events and Lotto 6/49 lotteries are joint undertakings by all Provinces acting through the Interprovincial Lottery Corporation (ILC).

### **2. Significant Accounting Policies**

#### **(a) Basis of Accounting**

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles except for capital expenditures which are written off to operations at the time of acquisition.

#### **(b) Prize Money Unclaimed**

Under the regulations of the Act, unclaimed prize money from lotteries conducted solely by the Corporation remain accrued and funded for bonus draw prizes.

#### **(c) Revenue Recognition**

Revenues are deferred on ticket sales where a draw has not taken place. For Instant games, revenues are recognized when the ticket is sold to the consumer.

### **3. Payments to Government of Canada**

The provincial lottery corporations make remittances to the Government of Canada under an agreement dated August 1979 made between the Provincial Governments and the Federal Government. The agreement stipulates that the Government of Canada will not participate in the sale of lottery tickets. The Corporation remits the Province of Ontario's share of the above payments to the ILC.

#### **4. Commitments**

The Corporation has entered into several office space leases in various locations in Ontario. The minimum annual lease payments for each of the next five years are approximately as follows:

1992 - 1993	\$3,875,000
1993 - 1994	3,549,000
1994 - 1995	3,561,000
1995 - 1996	3,579,000
1996 - 1997	3,673,000

Future aggregate minimum lease payments to the expiry dates amount to approximately \$45,760,000.

In addition, the Corporation has concluded a purchase agreement for new On-line Gaming Terminals that will cost \$55 million in capital expenditures over the next three years.

#### **5. Statement of Changes in Financial Position**

A statement of changes in financial position is not included with the financial statements as it would provide no additional information.

#### **6. Comparative Figures**

Certain amounts at March 31, 1991, have been reclassified to conform with the financial statement presentation adopted at March 31, 1992.



## **BOARD MEMBERS**

Dr. Frederick Griffith  
Sault Ste. Marie, chair  
(June 24, 1992 - Feb. 16, 1995)

Jane Stechly  
Mississauga, vice-chair  
(June 6, 1991 - Feb. 16,  
1994)

David Polowin  
Nepean, director  
(Feb. 26, 1987 - Feb. 16,  
1993)

Anne B. Bender  
Mississauga, director  
(March 26, 1987 - Feb.  
16, 1993)

Reinhard Zobrist  
Bracebridge, director  
(Oct. 5, 1989 -  
Feb. 16, 1995)

Milton Joseph Lewis  
Hamilton, director  
(March 9, 1990 -  
Feb. 16, 1993)

Gary S. Dibb  
Toronto, director  
(March 21, 1990 -  
Feb. 16, 1993)

Kyung B. Lee  
Toronto, director  
(Sept. 6, 1991 -  
Feb. 16, 1994)

## **SENIOR STAFF**

Ian Nielsen-Jones  
president

Tom Dalton  
vice-president  
Finance and Administration

George Koutris  
vice-president  
Sales and Distribution

Patrick McDougall  
vice-president  
Corporate Communications

D'Arcy McGee  
vice-president  
Information Systems and  
Technology

Philip Rowlatt-Smith  
vice-president  
Marketing

Lou Fera  
senior manager  
Human Resources

Terry Dyer  
controller

## **AUDITOR'S REPORT**

### **To the Board of Directors of the Ontario Lottery Corporation and to the Minister of Tourism and Recreation.**

I have audited the balance sheet of the Ontario Lottery Corporation as at March 31, 1992 and the statements of operations and net profits due to Treasurer of Ontario for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1992 and the results of its operations and net profits due to Treasurer of Ontario for the year then ended in accordance with the accounting policy described in note 2(a) to the financial statements.



Toronto, Ontario  
June 19, 1992

J.F. Otterman, F.C.A.,  
Assistant Provincial Auditor



Office of the  
Provincial  
Auditor

Ontario Lottery Corporation  
70 Foster Drive  
Suite 800  
Sault Ste. Marie, Ontario  
P6A 6V2  
(705) 946-6464

Consumer Affairs: 1-800-387-0098

### Winning Numbers

Lottario	(416) 870-9122
Pick-3	(416) 870-9135
Lotto 6/49 and ENCORE	(416) 870-9134
Provincial	(416) 870-9161

### Winning Numbers (French Language)

Lotto 6/49, ENCORE, Lottario and Pick-3	(416) 870-9137
Provincial	(416) 870-9136

### Subscription Service

Lotto Advance	1-800-268-8012
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An agency of:



Ontario

Ministry of  
Tourism and  
Recreation

On peut aussi se procurer ce rapport en français.



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GOVERNMENT  
OF ONTARIO

A N N U A L

R E P O R T

1 9 9 2 - 1 9 9 3



CELEBRATING \$5 BILLION  
TOWARDS WORTHY CAUSES  
ACROSS ONTARIO!



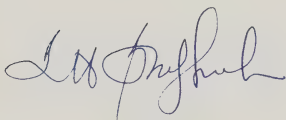
August 4, 1993

The Honourable Anne Swarbrick  
Minister of Culture, Tourism and Recreation  
77 Bloor St. W.  
Toronto, Ontario  
M7A 2R9

Dear Minister:

Pursuant to the provisions of the *Ontario Lottery Corporation Act*, I am pleased to present the *Annual Report* of the Ontario Lottery Corporation for the year ending March 31, 1993.

Yours very truly,



Dr. Frederick Griffith  
Chair of the Board



#### FRONT COVER/ABOVE

The logo symbolizes the Ontario Lottery Corporation's \$5-billion milestone.

A stylized '5' represents the \$5 billion in lottery profits raised during our  
18 years of operation, from 1975 to 1993.

The rainbow of colors captures the celebration of the milestone.

## ABOUT THE ONTARIO LOTTERY CORPORATION

*In our  
18 years  
as a Crown  
corporation,  
we have earned  
more than  
**\$5 billion**  
in profits  
for the  
Province of  
Ontario.*

The Ontario Lottery Corporation (OLC) is in the dynamic business of operating lottery games. We compete with many other organizations for our share of the consumer's disposable income.

In our 18 years as a Crown corporation, we have earned more than **\$5 billion** in profits for the Province of Ontario. We have also distributed over \$6.6 billion in lottery prizes to over 500 million winners.

Our lottery products, which provide a low-cost form of fun and entertainment,

enable players to choose from different types of games — lotto, instant scratch-and-win, sports lottery and draw games. In the 1992-1993 fiscal year, our product mix was comprised of Wintario, Provincial, Lottario, Lotto 6/49, ENCORE, Instant, Pick-3, Celebration 93 and PRO•LINE, the first game in our new SPORT SELECT family of sports lotteries.

The Ontario Lottery Corporation was created in 1975 with the passage of the *Ontario Lottery Corporation Act*. The Corporation operates as a profit-oriented business and is recognized as a leader in industry.

Individual Ontarians from every corner of the province have collected prizes. In addition, organizations and communities have benefited directly or indirectly from lottery proceeds. The operation of hospitals and many worthwhile community projects throughout Ontario are beneficiaries of lottery profits.

The OLC's profits are paid into the Province of Ontario's Consolidated Revenue Fund. Approximately 70 per cent of these profits are currently directed to the operating costs of Ontario hospitals. Funding has also supported voluntary social service organizations, environmental projects and cultural, sport and recreational activities across the province.



The following government ministries are responsible for allocating lottery-funded grants: Culture, Tourism and Recreation; Citizenship; and Environment and Energy.\* Province-wide and local voluntary social service organizations also receive grants from the Trillium Foundation, an organization funded with lottery profits.

Provincial legislation prohibits the sale of lottery tickets to anyone under 18 years of age.

The Ontario Lottery Corporation is all about winning — lottery players, grant recipients, our retail partners and the general public. Together, we will continue to make even more good things happen in Ontario.

\* In February 1993, the Ministry of Tourism and Recreation and the Ministry of Culture and Communications were amalgamated to form the Ministry of Culture, Tourism and Recreation. The Ministry of the Environment and the Ministry of Energy were also amalgamated to form the Ministry of Environment and Energy.

## 1992 - 1993 HIGHLIGHTS

- Sales** • Sales were \$1.665 billion, up \$259.1 million
- Net Income** • \$567.2 million, up \$106.8 million
- Prizes** • Cash prizes – \$808.8 million, up \$134.6 million
- Prize Money Unclaimed** • \$58.1 million
- Prizes may be claimed for up to one year from the draw date or in the case of Instant and Wintario tickets, within 12 months of the announced end-of-sale date for specified games/issues. For reporting purposes on the balance sheet, all unclaimed prize money is combined under the heading “Prize money unclaimed.” These funds fall into three categories:
- i) prizes from draws less than one-month old;
- ii) prizes from draws one- to 12-months old; and
- iii) prizes from draws that are more than 12-months old.
- These latter funds (iii) are considered unclaimed and are used for bonus promotions.

1992-1993	(\$ Millions)
Prizes (0-1 month)	16.6
Prizes (1-12 months)	7.3
Prizes (12+ months)	34.2
Total	58.1

- Operating Expenses** • 5.1 per cent of sales, down from 6.2 per cent
- Operating expenses were \$84.8 million

## 10 - YEAR REVIEW

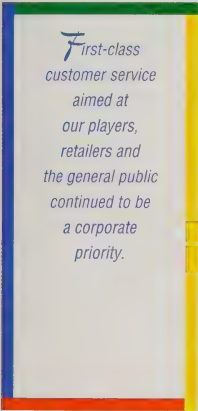
	1983 - 1984	1984 - 1985	1985 - 1986	1986 - 1987	1987 - 1988	1988 - 1989	1989 - 1990	1990 - 1991	1991 - 1992	1992 - 1993
Sales	608.8	759.5	946.4	1,254.4	1,273.9	1,300.6	1,319.6	1,350.8	1,406.3	1,665.3
Cash Prizes	288.0	363.0	449.6	591.4	598.0	608.3	619.4	639.9	674.2	808.8
Net Income*	216.7	249.6	320.7	458.7	471.1	484.1	491.8	468.1	460.3	567.2
Number of Games	6	6	6	6	6	6	7	8	8	9

\*Net Income for 1991-1992 and 1992-1993 reflect the change in accounting policy to capitalize fixed assets on acquisition.

Prior periods have not been adjusted as the information is not readily available.



## MESSAGE FROM THE CHAIR



*First-class  
customer service  
aimed at  
our players,  
retailers and  
the general public  
continued to be  
a corporate  
priority.*

The Ontario Lottery Corporation reached an historical milestone at the end of its 1992-1993 fiscal year. Cumulative lottery profits paid to the Province of Ontario since the Corporation's creation in 1975 surpassed the **\$5-billion mark**. This was a fitting end to a business year in which both our sales and profits hit record highs.

Our sales increase was achieved with the support of our regional sales and distribution network. The six regional sales offices — one each in Etobicoke, London, Ottawa, Sault Ste. Marie, Scarborough and Stoney

Creek — have been in operation since January 1992. They are efficient, well-organized and retailer-oriented.

First-class customer service aimed at our players, retailers and the general public continued to be a corporate priority. The recently formed Retailer Councils are one example of how the Corporation is moving in this direction. Retailers from each region meet periodically with OLC staff to discuss many aspects of our mutual business.

Lotto Advance, the Lotto 6/49 subscription service launched in June 1992, has proven to be popular among our lottery players. By the end of the fiscal year, we had processed over 50,000 subscriptions. This convenient service allows consumers to play their favorite Lotto 6/49 numbers — or select the Quick Pick option — through the mail, thereby never missing a draw.

In yet another customer service-oriented move, the Corporation relocated its Toronto Prize Office to 33 Bloor Street East in November 1992. The new location provides easier access for our players and better public visibility.

Internally, we started a new employee training program called Quality Service Skills. This program focuses on providing excellent customer service to retailers, players, the public and staff.

We conducted ongoing market research to keep us informed of our players' needs. We also continued to research new technologies that will

allow us to respond to those needs by offering our players new and entertaining products or alternate ways to purchase our lottery games.

During 1992-1993, the OLC installed more than 2,200 new on-line gaming terminals across the province. These new machines allowed the Corporation to launch PRO•LINE, our successful sports lottery, in October 1992. These terminals also enhance our service to both consumers and retailers.

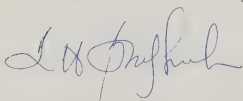
Our technical and other staff also began work on the New On-line System Project, a rewrite of the computer software that manages our on-line games. Once completed, we will have the most advanced system in the world, which will permit the Corporation to offer new games and game enhancements with ease.

In November 1992, the Ontario Legislature amended the *Ontario Lottery Corporation Act* to formalize our long-standing policy of selling lottery tickets to adults only. Known initially as Bill 92, it became law in December and prohibits the sale of lottery tickets to anyone under 18 years of age.

For almost two years, the Board has been kept apprised of the Corporation's quarterly cost-saving initiatives reported by the various departments within the Corporation. In fiscal 1992-1993, these initiatives totalled over \$8.9 million in savings for the OLC, for which staff are to be heartily commended.

Our Corporation is well on its way to attaining its four major goals: consumer satisfaction, retail customer service, market development and organizational development. With our exceptional product mix, our sensitivity to and understanding of the Ontario marketplace, and our energetic staff, we face the future with much confidence.

As the Chair of the Board of Directors, I extend a sincere thank you to my colleagues on the Board for their commitment of time and diligent work during fiscal 1992-1993. I look forward to another year with this fast-paced, vibrant Corporation, which continues to benefit the people of Ontario in so many ways.



Dr. Frederick Griffith

Chair

## MESSAGE FROM THE PRESIDENT

*During fiscal  
1992-1993,  
we continued  
to build upon  
our public image  
as a progressive,  
efficient and  
socially  
responsible  
corporation.*

Our 1992-1993 fiscal year recorded several "firsts" for the Ontario Lottery Corporation.

In reaching the **\$5-billion milestone** reported in our Chair's message, we became the **first Canadian** lottery corporation to achieve this milestone. We also achieved our highest sales ever of \$1.665 billion, which resulted in profits for the year of \$567.2 million, also a record high. During the fiscal year, lottery sales increased by \$259.1 million over 1991-1992 figures, representing our largest

increase in six years and our second-largest ever.

Part of our success story this past year is undoubtedly due to the significant contribution of PRO•LINE, the first product in our new SPORT SELECT family of sports lotteries. The game generated \$114 million in sales during its first 23 weeks on the market.

The Corporation's financial figures were also boosted by the performances of our other lottery products. With the exception of one game, every game exceeded its previous year's sales.

Ontario Instant Millions and Wintario achieved the largest sales increases, 123.7 and 46.2 per cent respectively. Due to strong consumer demand, we issued our very popular \$5 Ontario Instant Millions lottery twice during the fiscal year. By relaunching Wintario EXTRA as Wintario and introducing a new scratch-off lotto format and a \$250,000 Jackpot, we revitalized this game and rekindled players' interest.

Our \$1 and \$2 Instant games, as well as Lotto 6/49, ENCORE and Celebration 93 also achieved increased sales during the year.

On behalf of the five Canadian lottery jurisdictions, we were privileged to host Celebration 93's New Year's Eve draw in Toronto, televised Canada-wide.



Lottario's new format (6/45 with two plays for \$1) was greeted enthusiastically by our players, leading to a 23.1 per cent increase in sales in 1992-1993.

The Provincial was the lone exception to our list of sales successes. Its seven per cent sales decline in Ontario, however, was the best performance among the five Canadian lottery jurisdictions.

During fiscal 1992-1993, we continued to build upon our public image as a progressive, efficient and socially responsible corporation through a number of initiatives and awards.

In May 1992, we began composting millions of redeemed Instant and Passive tickets, turning them into a soil additive. An environmentally friendly measure such as this contributes to our image as a responsible corporate citizen.

The Corporation made news in September 1992 when it signed an agreement with BABN Technologies to establish a state-of-the-art ticket-finishing plant in Sault Ste. Marie, the home of our corporate headquarters. This OLC initiative led to over 40 new Sault-based jobs and significantly reduced our operating costs.

Our long-standing corporate policy of not selling lottery tickets to minors received the force of law in December 1992. Bill 92 prohibits the sale of tickets to anyone under 18 years of age.

During the fiscal year, we launched our WIN! communications strategy on television, radio and in print. Developed after extensive consumer research, the strategy is in response to several consumer interests: having fun playing lottery games, checking winning numbers, seeing or hearing about winners, and knowing how Ontario benefits from lottery net income. Our ultimate goal is a higher level of customer service and enhanced awareness of the OLC's operations by our players.

With our sponsorship of local events, we continued to make a difference in communities, large and small. During the fiscal year, Community Partner — our mobile stage — participated in many festivals as well as cultural and recreational activities around the province. Our staff also gave of their personal time by serving as volunteers at numerous community events.

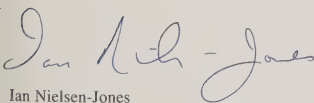
This fiscal year, we once again added a number of advertising awards to our list of achievements.

In May 1992, the OLC captured three awards at the annual North American Association of State and Provincial Lotteries competition: a GOLD in the Best Original Music category for the IMAGINE THE FREEDOM Lotto 6/49 commercial; a SILVER in the Best Co-ordinated Radio Campaign for our series of radio spots for the CLUE INSTANT game promotion; and a SILVER in the Special Events Promotion category for our video on the OLC's participation in Ottawa's 1992 Winterlude festival.

Our new grants video, produced in August 1992, won the Golden Maple Award in the Public Relations Category at the International Television Association Awards and represented Canada at an international competition in London, England.

With new products in the developmental stage, various customer service and business improvement initiatives in progress, and a dedicated, hard-working staff committed to both excellence and achievement, we believe we are poised for future growth and continued success.

Together we topped the **\$5-billion profit mark**. Together we are working towards our next billion.



Ian Nielsen-Jones

President

## COMMUNITIES BENEFIT FROM LOTTERY PROFITS

Ontario Lottery Corporation sales since 1975 have generated more than **\$5 billion** for the province's many worthwhile grant programs.

Here is a sampling of community organizations that benefited from lottery profits during the 1992-1993 fiscal year:

- Canadian Red Cross Society used a \$1,351,200 Trillium Foundation grant to train volunteers and buy equipment for local branches.
- The City of Cornwall constructed a recreational bicycle path with a \$150,000 grant from the Ministry of Tourism and Recreation.\*
- Family Services Centre of Sault Ste. Marie and District received a \$35,000 Trillium Foundation grant to expand its Family Life Theatre Program, which presents 30-minute dramas depicting various social problems followed by discussions. The funding was part of a \$145,300 grant allocated to Family Service Ontario.
- Wapakeka First Nation at Angling Lake in Northwestern Ontario has a new community centre thanks to a \$318,825 grant from the Ministry of Tourism and Recreation.
- North Bay Apollo Gymnastics Club purchased and renovated a new training facility after obtaining a \$367,838 Ministry of Tourism and Recreation grant.
- London Latin American Centre for Skills Development fostered closer ties with four community agencies thanks to a \$19,766 grant from the Ministry of Citizenship.
- Edward Johnson Music Foundation in Guelph hosted a national vocal competition after receiving a \$10,000 Ministry of Culture and Communications\* grant.
- The Town of Essex used a \$95,782 Ministry of Tourism and Recreation grant to construct a handicapped access to the track field at Essex and District Secondary School.
- The Town of Tilbury built a new arena and community hall with a \$650,000 Ministry of Tourism and Recreation grant.
- The City of Cambridge converted the Hydro Electric Commission building into a senior citizens centre with a \$571,596 Ministry of Tourism and Recreation grant.

\* In February 1993, the Ministry of Tourism and Recreation and the Ministry of Culture and Communications were amalgamated to form the Ministry of Culture, Tourism and Recreation.



## DISTRIBUTION OF SALES

**Direct Costs***Prizes*

Total cash prizes reached \$808.8 million, representing 48.6 per cent of sales.

*Commissions*

Commissions paid to the OLC's 11,200-plus retailers reached \$112.1 million. During 1992-1993, retailers received an eight per cent commission for selling Wintario and Instant tickets and five per cent for other games. Prize redemption fees were also paid. During 1992-1993, retailers received a three per cent commission for paying out cash prizes on Instant and Passive games. For redeeming on-line prizes, retailers received a two per cent commission.

*Brand Marketing*

The costs of brand marketing in 1992-1993 totalled \$22.2 million.

*Ticket Printing and Terminal Operation*

Total ticket printing consists of the cost of printing tickets, the cost of communications between the Corporation's central computer and retailers' on-line gaming terminals (EDP line costs) and the maintenance costs for the on-line gaming terminals.

	<i>1992-1993 (\$ Millions)</i>
Ticket Printing	14.5
EDP	13.9
Terminal Maintenance	6.7
Total	35.1

**Operating Expenses**

In 1992-1993, operating costs (comprising corporate advertising, administration and equipment) were \$84.8 million and represented 5.1 per cent of sales. Interest income reduced this to 4.6 per cent.

The Corporation's Board of Directors was paid a total of \$60,550 in per diems for attending business meetings.

## Other Expenses

There are two types of other expenses. The Goods and Services Tax (GST) is one. See note 5 to the financial statements on page 19 for the other, Payments to Government of Canada.

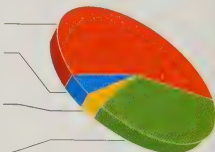
*Sales – Year Ended March 31, 1993*

	1992-1993 (\$ Millions)
Wintario	94
Lottario	117
Instant	349
Pick-3	40
Provincial	18
Lotto 6/49	827
ENCORE	99
Celebration 93 (Special Event)	7
PRO•LINE	114
Total	1,665

## Distribution of Sales

1992-1993

Direct Costs	58.7 %
Operating Expenses (including interest income)	4.6 %
Other Expenses (excluding interest income)	2.6 %
Net Income	34.1 %



# ONTARIO LOTTERY CORPORATION

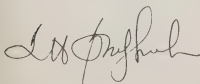
## BALANCE SHEET

*as at March 31, 1993*  
*(in thousands of dollars)*

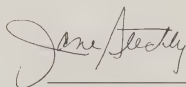
	1993	1992
		(restated - see note 3)
<b>Assets</b>		
Cash	40,258	54,486
Prize Funds on Deposit	58,053	56,028
Due from Interprovincial Lottery Corporation	—	1,640
Accrued Interest	1,903	1,579
Accounts Receivable	13,388	4,537
Prepaid Expenses	10,107	5,388
Fixed Assets (note 4)	52,871	16,473
	<b>176,580</b>	<b>140,131</b>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities	35,950	32,953
Prize Money Unclaimed	58,053	56,028
Due to Interprovincial Lottery Corporation	8,602	—
Due to Government of Canada	2,000	2,450
Deferred Income	21,658	30,132
Net Income Due to Province of Ontario	(2,554)	2,095
Equity in fixed assets	52,871	16,473
Commitments (note 6)		
	<b>176,580</b>	<b>140,131</b>

*See accompanying notes to financial statements.*

On behalf of the Board:



Director



Director



# ONTARIO LOTTERY CORPORATION

## STATEMENT OF OPERATIONS

*for the year ended March 31, 1993*  
*(in thousands of dollars)*

	1993	1992
		(restated - see note 3)
<b>Sales</b>	<b>1,665,344</b>	<b>1,406,294</b>
<b>Direct Costs</b>		
Prizes	808,789	674,155
Commissions	112,083	100,721
Brand Marketing	22,151	16,920
Ticket Printing and Terminal Operation	35,125	37,460
	<b>978,148</b>	<b>829,256</b>
<b>Sales Less Direct Costs</b>	<b>687,196</b>	<b>577,038</b>
<b>Operating Expenses</b>		
Administration and Other	78,500	80,991
Depreciation	6,277	6,586
	<b>84,777</b>	<b>87,577</b>
<b>Net Income From Operations</b>	<b>602,419</b>	<b>489,461</b>
Interest Income	8,005	10,234
Payments to Government of Canada		
- on behalf of the Province of Ontario (note 5)	18,241	17,916
- Goods and Services Tax	25,030	21,443
<b>Net Income</b>	<b>567,153</b>	<b>460,336</b>

*See accompanying notes to financial statements.*

ONTARIO LOTTERY CORPORATION  
STATEMENT OF NET INCOME DUE TO  
PROVINCE OF ONTARIO

*for the year ended March 31, 1993  
(in thousands of dollars)*

	1993	1992
		(restated - see note 3)
Balance, beginning of year	2,095	666
Add (Deduct):		
Net Income	567,153	460,336
Depreciation	6,277	6,586
Loss on disposal of fixed assets	79	785
Goods and Services Tax included in assets	2,596	661
Capital expenditures	(42,754)	(11,811)
	<b>533,351</b>	<b>456,557</b>
	<b>535,446</b>	<b>457,223</b>
Less Payments to Province of Ontario	538,000	455,128
<b>Balance, end of year</b>	<b>(2,554)</b>	<b>2,095</b>

*See accompanying notes to financial statements.*

ONTARIO LOTTERY CORPORATION  
STATEMENT OF EQUITY  
IN FIXED ASSETS

*for the year ended March 31, 1993  
(in thousands of dollars)*

	1993	1992
		(restated - see note 3)
Balance, beginning of year	16,473	12,033
Add: Capital Expenditures	42,754	11,811
Deduct: Depreciation	6,277	6,586
Disposal of fixed assets	79	785
<b>Balance, end of year</b>	<b>52,871</b>	<b>16,473</b>

*See accompanying notes to financial statements.*



# ONTARIO LOTTERY CORPORATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 1993  
(in thousands of dollars)

### 1. Nature of the Corporation

The Ontario Lottery Corporation was incorporated without share capital on February 6, 1975 pursuant to the *Ontario Lottery Corporation Act* ("Act"). The Corporation is responsible for the conduct and management of lottery games in Ontario. The Wintario, Lottario, Instant, ENCORE, Pick-3, Cleansweep and PRO•LINE lotteries are conducted solely by the Corporation, whereas, the Provincial, Special Events and Lotto 6/49 lotteries are joint undertakings by all Provinces acting through the Interprovincial Lottery Corporation.

### 2. Significant Accounting Policies

#### (a) Basis of Accounting

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles.

#### (b) Fixed Assets

Major capital expenditures with a future useful life beyond the current year are capitalized at cost and are depreciated on a straight-line basis according to their estimated useful lives, as follows:

Building	25 years
Furniture and Fixtures	10 years
Leasehold Improvements	Term of Lease
Automotive	3 years
Wagering Terminals	7 years
Computer Hardware	3 years
System Software	3 years

Minor capital expenditures and the expenditures for repairs and maintenance are charged to income.

#### (c) Prize Money Unclaimed

Under the regulations of the *Act*, unclaimed prize money from lotteries conducted solely by the Corporation are reserved for the benefit of the players through prizes and bonus draws.

#### (d) Revenue Recognition

Revenues are deferred on ticket sales where a draw has not taken place. For Wintario and Instant games, revenues are recognized when the ticket is sold to the consumer.

### 3. Change in Accounting Policy

During the year, the Corporation changed its method of accounting for capital expenditures from expensing them to operations at the time of acquisition to capitalization and depreciation thereof. This change has been applied retroactively. Accordingly, the equity in fixed assets at March 31, 1991 has been recorded at \$12,033, being the cumulative net fixed assets to that date. As a result of this change, for the years ended March 31, 1993 and 1992, net income has increased by \$33.3 million and \$1.9 million, respectively, and the balance of net income due to Province of Ontario has decreased \$2.4 million and \$1.9 million respectively, as outlined below.

	1993	1992
Net Income: Under previous policy	533,814	458,456
Add (Deduct):		
Capital expenditures net of		
Goods and Services Tax	40,158	11,150
Depreciation	(6,277)	(6,586)
Loss on disposal of fixed assets	(79)	(785)
Assets acquired under capital lease	(463)	(1,899)
	33,339	1,880
Net income (1992 as restated)	567,153	460,336

### 4. Fixed Assets

	1993			1992
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	260	-	260	260
Building	1,040	343	697	738
Furniture and Fixtures	7,414	1,734	5,680	5,240
Leasehold Improvements	1,596	88	1,508	794
Automotive	1,191	894	297	691
Wagering Terminals	68,569	48,170	20,399	756
Computer Hardware	27,404	10,251	17,153	7,321
System Software	7,427	550	6,877	673
	114,901	62,030	52,871	16,473

## 5. Payments to Government of Canada

The provincial lottery corporations make remittances to the Government of Canada under an agreement dated August 1979 made between the Provincial Governments and the Federal Government. The agreement stipulates that the Government of Canada will not participate in the sale of lottery tickets.

## 6. Commitments

The Corporation has entered into several office space leases in various locations in Ontario. The minimum annual lease payments for each of the next five years are approximately as follows:

1994	\$ 4,117
1995	3,834
1996	3,834
1997	3,868
1998	4,001

Future aggregate minimum lease payments to the expiry dates amount to approximately \$45,412.

The Corporation has a purchase agreement for new On-line Gaming Terminals that will cost \$35 million in capital expenditures over the next two years, and a purchase agreement for ticket printing services that will cost \$59 million in ticket printing expenditures over the next five years. In addition, the Corporation has concluded agreements for services for the development of software that will cost \$3 million in capital expenditures over the next year.

## 7. Comparative Figures

Certain amounts at March 31, 1992 have been reclassified to conform with the financial statement presentation adopted at March 31, 1993.

## BOARD MEMBERS

## SENIOR STAFF

Dr. Frederick Griffith  
Sault Ste. Marie, Chair  
(June 24, 1992 - Feb. 16, 1995)

Jane Stechly  
Mississauga, Vice Chair  
(June 6, 1991 - Feb. 16, 1994)

Anne B. Bender  
Mississauga, Director  
(March 26, 1987 - Feb. 16, 1996)

Gary S. Dibb  
Toronto, Director  
(March 21, 1990 - Feb. 16, 1996)

Kyung B. Lee  
Toronto, Director  
(Sept. 6, 1991 - Feb. 16, 1994)

Reinhard Zobrist  
Bracebridge, Director  
(Oct. 5, 1989 - Feb. 16, 1995)

Ian Nielsen-Jones  
President  
  
Tom Dalton  
Vice President  
Finance and Administration

Lou Fera  
Vice President  
Human Resources

George Koutris  
Vice President  
Sales and Distribution

Patrick McDougall  
Vice President  
Corporate Communications

D'Arcy McGee  
Vice President  
Information Systems and  
Technology

Philip Rowlatt-Smith  
Vice President  
Marketing

Terry Dyer  
Controller



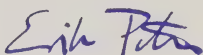
## AUDITOR'S REPORT

To the Board of Directors of the Ontario Lottery Corporation  
and to the Minister of Culture, Tourism and Recreation.

I have audited the balance sheet of the Ontario Lottery Corporation as at March 31, 1993 and the statements of operations, net income due to Province of Ontario and equity in fixed assets for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1993 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.



Toronto, Ontario

June 21, 1993

Erik Peters, C.A.

Provincial Auditor



Office of the  
Provincial  
Auditor

Ontario Lottery Corporation  
 70 Foster Drive  
 Suite 800  
 Sault Ste. Marie, Ontario  
 P6A 6V2  
 (705) 946-6464

Consumer Affairs ..... 1-800-387-0098  
 TDD ..... 1-800-563-5357

## WINNING NUMBERS

### English recordings

Lottario ..... (416) 870-9122  
 Pick-3 ..... (416) 870-9135  
 Lotto 6/49 and ENCORE ..... (416) 870-9134  
 Provincial ..... (416) 870-9161  
 Estimated Jackpot Line ..... (416) 870-9140  
 Information Line ..... (416) 870-9170



**PRO-LINE**



## WINNING NUMBERS

### French recordings

Lotto 6/49, ENCORE and  
 Lottario ..... (416) 870-9137  
 Provincial, Pick-3 and  
 Information Line ..... (416) 870-9136

## SUBSCRIPTION SERVICE

Lotto Advance ..... 1-800-268-8012



**Ontario Lottery Corporation**  
**Société des loteries de l'Ontario**

Together we're making good things happen!

*An agency of:*



Ministry of Culture,  
 Tourism and  
 Recreation

Ce Rapport annuel est aussi  
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Publications



## ANNUAL REPORT

1993 - 1994

*Lottery profits*

*support*

*Ontario hospitals.*



Ontario Lottery Corporation  
Société des loteries de l'Ontario

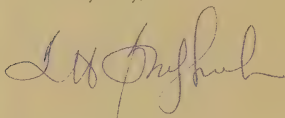
August 4, 1994

The Honourable Anne Swarbrick  
Minister of Culture, Tourism and Recreation  
77 Bloor St. W.  
Toronto, Ontario  
M7A 2R9

Dear Minister:

Pursuant to the provisions of the *Ontario Lottery Corporation Act*, I am pleased to present the *Annual Report* of the Ontario Lottery Corporation for the year ending March 31, 1994.

Yours very truly,



Dr. Frederick Griffith  
Chair of the Board



**FRONT COVER/ABOVE**

*A portion of profits generated by the Ontario Lottery Corporation is directed to the operating costs of Ontario hospitals.*



## ABOUT THE ONTARIO LOTTERY CORPORATION



*A* recognized leader in the public gaming industry, the Ontario Lottery Corporation (OLC) was established in 1975 with the passage of the *Ontario Lottery Corporation Act*.

The OLC operates in many ways like a profit-oriented business. A Crown corporation, the OLC's mission is to create and make available socially responsible, exciting gaming products that entertain the broadest possible range of adult Ontarians. Provincial legislation prohibits the sale of lottery tickets to anyone under 18 years of age.

The Corporation's lottery products provide a low-cost form of fun and entertainment for adults. Players choose from different types of games — lotto, instant scratch-and-win, sports lottery and draw games. In the 1993-1994 fiscal year, OLC products included: Lotto 6/49, ENCORE, Lottario, Pick-3, Provincial, Wintario, Instant, Celebration and PRO•LINE from the Sport Select category.

The OLC generates nearly \$2 billion in sales annually. In 19 years of operation, the Corporation has produced over \$5.5 billion in profits for the Province of Ontario. Communities of every size continue to benefit from lottery proceeds and that's not the only good news. Lottery winners in every corner of the province have won more than \$7 billion in cash and merchandise prizes.

Corporate profits are paid into the Province of Ontario's Consolidated Revenue Fund. These profits assist the operation of Ontario hospitals, voluntary social service organizations, and sport, recreational and cultural projects across the province.

The following Ontario government ministries allocate lottery-funded grants: Culture, Tourism and Recreation; Citizenship; and Environment and Energy. Social service organizations receive grants from the Trillium Foundation, an organization funded with lottery profits.

The Ontario Lottery Corporation and its partners — lottery players, grant recipients, retailers and the general public — make Ontario a better place to live. Together we're making good things happen.

## 1993-1994 HIGHLIGHTS

- Sales** • Sales were \$1.886 billion, up \$220.7 million
- Net Income** • \$602.5 million, up \$32.7 million
- Prizes** • Cash prizes – \$941.5 million, up \$132.7 million
- Prize Money Unclaimed** • \$59.8 million
- Prizes may be claimed for up to one year from the draw date or in the case of Instant and Wintario tickets, within 12 months of the announced date of the end of the Game for specified games/issues. For reporting purposes on the balance sheet, all unclaimed prize money is combined under the heading "Prize money unclaimed." These funds fall into three categories:
  - i) prizes from draws less than one-month old;
  - ii) prizes from draws one- to 12-months old; and
  - iii) prizes from draws that are more than 12-months old.

These latter funds (iii) are considered unclaimed and are used for bonus promotions.

1993 -1994	(\$ Millions)
Prizes (0-1 month)	24.0
Prizes (1-12 months)	13.0
Prizes (12+ months)	22.8
Total	<u>59.8</u>

- Operating Expenses** • 5.8 per cent of sales, up from 5.2 per cent
- Operating expenses were \$109.7 million

## 10-YEAR REVIEW

*(in millions of dollars)*

	1984 - 1985	1985 - 1986	1986 - 1987	1987 - 1988	1988 - 1989	1989 - 1990	1990 - 1991	1991 - 1992	1992 - 1993	1993 - 1994
Sales	759.5	946.4	1,254.4	1,273.9	1,300.6	1,319.6	1,350.8	1,406.3	1,665.3	1,886.1
Cash Prizes	363.0	449.6	591.4	598.0	608.3	619.4	639.9	674.2	808.8	941.5
Net Income*	249.6	320.7	458.7	471.1	484.1	491.8	468.1	460.3	569.7	602.5
Number of Games	6	6	6	6	6	7	8	8	9	9

\*Net Income for 1991-1992 and subsequent fiscal years reflect the change in accounting policy to capitalize fixed assets on acquisition.

Prior periods have not been adjusted as the information is not readily available.



## MESSAGE FROM THE CHAIR



### *The* Ontario

**Lottery Corporation (OLC) faces growing competition, maturing products and rising costs.**

**Adjusting to change in the business environment is critical.**

The Corporation must set its sights on new products, markets, distribution channels and technologies to maintain profit levels and to serve the needs of Ontario residents.

During fiscal year 1993-1994, the Corporation prepared for the May 30, 1994 launch of a new product — LOTTO SUPER 7. This \$2 on-line game was designed to attract a new group of players and interact with existing on-line games. LOTTO SUPER 7's guaranteed minimum \$2.5 million Jackpot will appeal to consumers who dream of winning a major prize. Periodic Jackpot rolls for LOTTO SUPER 7, Lotto 6/49 and Lottario will add excitement to on-line play.

To explore new markets, the OLC tested Instant ticket vending machines in southern and western Ontario during the fiscal year. The machines were placed in non-traditional lottery outlets, including bingo halls, restaurants and other licensed establishments — part of our strategy to explore new markets in a socially-responsible manner.

The Corporation continues to develop its distribution channels and explore ways to reduce costs and expand markets, while providing improved services to retailers and players.

In the fall of 1993, our six regional sales offices phased in 'telesales' — a new operating system designed to reduce costs and increase efficiency. Telesales representatives take product and supply orders by phone. The lottery products ordered are then delivered by OLC couriers the next business day.

Telesales reduces the time our busy sales representatives spend on administrative duties, leaving more time for customer service and merchandising activities. As an added benefit, the system improves security for both our staff and products.

In 1993-1994, much effort was devoted to the development of the New On-line System Project (NOSP) — a replacement of the OLC's current gaming and administrative systems. This new technology, scheduled for implementation in fiscal year 1994-1995, will allow the Corporation to launch new on-line games, enhance existing games and make administrative information more accessible. These measures will enhance the OLC's position as a leader among lottery jurisdictions worldwide.

The OLC continues to enforce the provincial legislation that prohibits the sale of lottery tickets to anyone under 18 years of age. We have informed retailers of the legislation individually and in newsletters, placed decals in outlets indicating the sale of lottery products to minors is prohibited by law, developed procedures for investigating complaints and established penalties for retailers who violate the law.

In November 1993, the OLC's Board of Directors reluctantly accepted the resignation of President Ian Nielsen-Jones. Both the Board and staff wish Ian well in his new position.

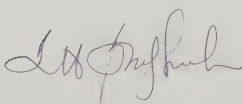
The Corporation was fortunate to have Lou Fera, Human Resources Vice President, agree to serve as Interim President until the new President joined the Corporation. Garth Manness, former Western Canada Lottery Corporation President, joined the OLC on May 2, 1994. The Board and staff look forward to working with Garth and extend a warm welcome.

Several Board members also joined our ranks during the fiscal year. The provincial government appointed Loreen Gilmour of Ottawa, Robert Redgwell of London and Trevor Hendricks of Mississauga to serve as directors of the Corporation. As chair, I welcome their expertise and contributions.

One of the more memorable events during the year was the Corporation's Ontario-wide celebration of the \$5-billion profit milestone. On the Civic Holiday, August 2, 1993, Ontarians enjoyed a free admission day at more than 50 cultural, recreational and tourist attractions around the province. Many of these attractions have received lottery-funded grants.

The Corporation is well on its way to achieving another billion dollars in profits. Lottery profits support numerous worthwhile community projects across the province and contribute significantly to Ontario's quality of life.

Ontarians have come to expect success and integrity from the OLC. With your ongoing support of lottery products, we plan to continue to meet and surpass those expectations.



Dr. Frederick Griffith  
Chair

## MESSAGE FROM THE PRESIDENT



*H*aving recently joined the Ontario Lottery Corporation as President, I am impressed by the Corporation's achievements in 1993-1994.

I commend the Board of Directors, staff and the OLC's retailer partners on their efforts over the last year.

The Ontario Lottery Corporation generated record sales of \$1.886 billion in fiscal year 1993-1994. This represents a \$220.7-million increase over the previous year. Profits reached \$602.5 million. The Corporation's achievements were largely due to sound product decisions and a commitment to quality and customer service.

Instant BINGO — the new \$3 Instant game introduced in September 1993 — recorded sales of \$142.2 million during the year. The OLC was the first lottery jurisdiction in North America to offer this product at the \$3 price point. Consumers, many of whom were infrequent lottery players, snapped it up.

Sales for Ontario Instant Millions, the \$5 game launched in 1992, increased by \$11 million over 1992-1993 figures. The "Oh what a feeling, oh what a scratch" television commercial boosted the game's popularity — tickets in one issue sold out after just 14 weeks.

This commercial won an award for Best Music in an Instant game commercial at the Intertoto advertising competition in Hong Kong. The Corporation also received international recognition for its Lotto 6/49 *Imagine the Freedom* and Sport Select *Zamboni* commercials.

PRO•LINE from Sport Select played a major role in the OLC's sales growth. The popular sports lottery allows players to predict the outcome of professional sporting events.

On November 15, 1993, hundreds of players jammed the OLC's Toronto Prize Office to collect their PRO•LINE winnings after several longshots posted victories. Over 1,700 prize cheques in one day were distributed to the successful PRO•LINE players. In 1993-1994, PRO•LINE generated sales of \$238.4 million for the Corporation. Due to PRO•LINE's popularity, the Corporation plans to add other sports to the game list and expand the Sport Select category.

In November 1993, the provincial government reached a compromise agreement with the National Basketball Association to withdraw basketball from PRO•LINE's game list as of October 1, 1995.

Lotto 6/49 sales of \$843.6 million increased by \$16.5 million over the 1992-1993 level. Sales were boosted at year-end by a regular bonus offering \$10-, \$12- and \$15-million Jackpots. The Jackpot actually reached \$19 million when the \$15-million Jackpot was not won.

Sales of Wintario, \$1 and \$2 Instant, and Provincial decreased in 1993-1994. Provincial, an Interprovincial Lottery Corporation game, was withdrawn from the market in July 1993 due to its declining sales.

During the year, the OLC researched a new \$1 Instant category — city and festival games. These regional games tie in with city pride and local-event sponsorships. They should boost Instant sales in 1994-1995 and promote the sponsored events.

A number of gains were made in the customer service area. The Corporation extended its Toronto Prize Office hours to 8 p.m. on Mondays and installed a toll-free line for consumers who are hearing impaired.

To improve customer service to retailers, the Corporation expanded *Lotto Post* — the monthly retailer newsletter — in March 1994. Now a regional publication, *Lotto Post* can more closely meet the needs of retailers in the OLC's six sales regions. Other corporate publications continue to improve and earn recognition. The OLC won a total of four awards for *WIN!* and its French-language counterpart, *Chance!* (consumer publications), and *Lotto Watch* (the OLC's monthly employee newsletter).

The Corporation continues to serve Ontario communities through event sponsorships, the mobile stage program and staff who freely volunteer their time. The OLC supported many events and festivals, including: Caribana '93 in Toronto, Ottawa's Winterlude festival, Bon Soo Winter Carnival in Sault Ste. Marie and First Night Toronto '94.



The list of accomplishments in the last year is indeed impressive. I again congratulate the Board of Directors, staff and retailers for contributing to that success. I take pride in being part of this innovative and well-run corporation and look forward to contributing to the OLC's additional growth and continued success. Much has been done, we have much to do, and we have the team that can do it. I look forward to the years ahead.

A handwritten signature in dark ink, appearing to read "Garth Manness". The signature is fluid and cursive, with a long, sweeping underline that extends to the left.

Garth Manness  
President

## LOTTERY PROFITS AT WORK

Thanks to your support of lottery products, Ontario Lottery Corporation sales since 1975 have generated over \$5.5 billion in profits for worthwhile community projects across Ontario.

Lottery profits assist Ontario hospitals, sport, recreational and cultural activities, and the Trillium Foundation. The foundation, which supports voluntary social service organizations, receives \$17 million annually for its two grant programs.

Here is a sampling of community organizations that benefited from grants in fiscal year 1993-1994:

- A Sault Ste. Marie women's group home received \$39,000 from the Trillium Foundation to offset the cost of a passenger van, office equipment, home furnishings and toys. The home's services include: life skills training, counselling, referrals and housing assistance.
- The 1995 Nordic World Ski Championships obtained a \$1-million grant from the Ministry of Culture, Tourism and Recreation to develop the capital facilities at Thunder Bay as part of the province's \$5-million commitment to this international championship.
- The Amherstburg, Anderdon and Malden Social Planning Council upgraded its computer equipment with a \$14,700 Trillium Foundation grant. As a result, the council joined the Association of Community Information Centres' On-line Ontario Program.
- Camphill Village in Angus obtained a \$75,000 grant from the Trillium Foundation to improve its residential and employment program for developmentally-handicapped adults. The rural-based organization purchased a van, loader tractor and furniture.
- The Sudbury Wheelchair Basketball Association received a \$6,100 grant from the Ministry of Culture, Tourism and Recreation to purchase sport chairs.
- The Canadian Ethnocultural Council in Ottawa completed a cultural strategy study after receiving a \$10,000 Ministry of Citizenship grant.
- The Quinte Rowing Club received a \$21,087 grant from the Ministry of Culture, Tourism and Recreation to develop its rowing program for young women.
- A \$16,800 grant from the Trillium Foundation allowed PAL Reading Services in Toronto to improve its services to post-secondary students who are print-handicapped or learning disabled. The agency provided professional development to its board of directors and staff, and upgraded scanning and recording equipment.
- Thanks to a \$8,700 Trillium Foundation grant, Camp Outlook in Kingston purchased canoes, paddles and tents. The camp serves underprivileged youth, ages 13 - 17.
- Black Youth Achievements of Hamilton and Region Inc. presented a series of training workshops after receiving a \$3,533 grant from the Ministry of Citizenship.
- The London Interfaith Counselling Centre used a \$20,000 Trillium Foundation grant to offset the cost of hiring community development and program staff.

## DISTRIBUTION OF SALES

### Direct Costs

#### Prizes

Total cash prizes reached \$941.5 million, representing 49.9 per cent of sales.

#### Commissions

Commissions paid to the OLC's 11,000 retailers reached \$126.9 million. During 1993 - 1994, retailers received an eight per cent commission for selling Wintario and Instant tickets and five per cent for other games. Prize redemption fees were also paid. During 1993 - 1994, retailers received a three per cent commission for paying out cash prizes on Instant and Passive games. For redeeming on-line prizes, retailers received a two per cent commission.

#### Brand Marketing

The costs of brand marketing in 1993-1994 totalled \$22.7 million.

#### Ticket Printing and Terminal Operation

Total ticket printing consists of the cost of printing tickets, the cost of communications between the Corporation's central computer and retailers' on-line gaming terminals (EDP line costs) and the maintenance costs for the on-line gaming terminals.

	1993 - 1994 (\$ Millions)
Ticket Printing	22.4
EDP	15.7
Terminal Maintenance	5.9
Total	<u>44.0</u>

### Operating Expenses

In 1993-1994, operating costs (comprising corporate advertising, administration and equipment) were \$109.7 million and represented 5.8 per cent of sales. Interest income reduced this to 5.6 per cent.

The Corporation's Board of Directors was paid a total of \$81,280 in per diems for attending business meetings.

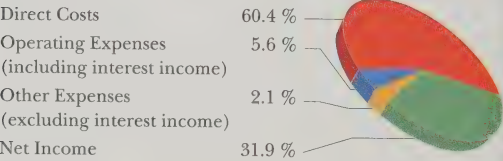
### Other Expenses

There are two types of other expenses. The Goods and Services Tax (GST) is one. See note 5 to the financial statements on page 20 for the other, Payments to Government of Canada.

**Sales – Year Ended March 31, 1994**

	1993 - 1994 (\$ Millions)
Wintario	75
Lottario	105
Instant	457
Pick-3	44
Provincial	6
Lotto 6/49	843
ENCORE	111
Celebration 94 (Special Event)	7
PRO•LINE	238
Total	<u>1,886</u>

**Distribution of Sales  
1993-1994**





# ONTARIO LOTTERY CORPORATION

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING AND INTERNAL CONTROL

The Ontario Lottery Corporation's financial statements are the responsibility of management and have been prepared in accordance with generally accepted accounting principles. The preparation of the financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current period cannot be finalized with certainty until future periods. The financial information throughout the text of this *Annual Report* is consistent with the information presented in the financial statements.

In meeting its responsibility for the reliability and timeliness of financial information, management has developed and maintains comprehensive internal accounting, operating and systems controls. These controls are designed to safeguard the Corporation's assets and maintain accountability for their use, and ensure compliance with regulatory requirements.

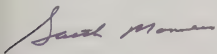
An internal audit function independently evaluates the effectiveness of these controls on an ongoing basis and reports its findings to management and the Audit Sub-committee of the Board of Directors. In addition, the Corporation employs external consultants who advise both management and the Board of Directors on the reliability and integrity of the Corporation's gaming and gaming support systems.

The Board of Directors oversees management's responsibilities for financial reporting and internal control through the Audit Sub-committee. The Audit Sub-committee reviews with management and the Provincial Auditor the content and format of the Corporation's financial statements and the adequacy of the Corporation's internal control before recommending approval to the Board of Directors.

The financial statements have been audited by the Provincial Auditor who was appointed pursuant to the *Ontario Lottery Corporation Act*. The Auditor's report, which follows, outlines the scope of the Provincial Auditor's examination and opinion.

The Provincial Auditor, the Corporation's internal auditor and the external consultants reviewing our gaming systems have full and free access to the Audit Sub-committee to discuss their audits and related findings.

The Board, based upon the recommendations of the Audit Sub-committee, has reviewed and approved the financial statements for the fiscal year ending March 31, 1994.



Garth Manness  
President



Tom Dalton  
Vice President  
Finance and Administration

## AUDITOR'S REPORT

### To the Board of Directors of the Ontario Lottery Corporation and to the Minister of Culture, Tourism and Recreation

I have audited the balance sheet of the Ontario Lottery Corporation as at March 31, 1994 and the statements of operations, changes in amount due to (from) Province of Ontario and equity in fixed assets for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1994 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.



Toronto, Ontario  
May 20, 1994

Erik Peters, FCA  
Provincial Auditor

Office of the  
Provincial Auditor  
of Ontario



Bureau du  
vérificateur provincial  
de l'Ontario

# ONTARIO LOTTERY CORPORATION

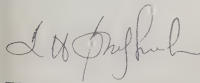
## BALANCE SHEET

*as at March 31, 1994*  
*(in thousands of dollars)*

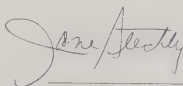
	1994	1993
<b>Assets</b>		
Cash	28,136	40,258
Prize Funds on Deposit	59,786	58,053
Due from Interprovincial		
Lottery Corporation	6,480	—
Accrued Interest	798	1,903
Accounts Receivable	12,904	13,388
Amount Due from Province of Ontario	6,609	2,554
Prepaid Expenses	14,704	10,107
Fixed Assets (note 3)	95,835	52,871
	<b>225,252</b>	<b>179,134</b>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities	34,556	35,950
Prize Money Unclaimed	59,786	58,053
Due to Interprovincial		
Lottery Corporation	—	8,602
Due to Government of Canada	2,609	2,000
Deferred Income	32,466	21,658
Equity in fixed assets	95,835	52,871
Commitments (note 4)		
	<b>225,252</b>	<b>179,134</b>

*See accompanying notes to financial statements.*

On behalf of the Board:



Director



Director

# ONTARIO LOTTERY CORPORATION

## STATEMENT OF OPERATIONS

*for the year ended March 31, 1994*  
*(in thousands of dollars)*

	1994	1993
<b>Sales</b>	<b>1,886,080</b>	<b>1,665,344</b>
<b>Direct Costs</b>		
Prizes	941,453	808,789
Commissions	126,910	112,083
Brand Marketing	22,696	23,568
Ticket Printing and Terminal Operation	44,020	36,941
Depreciation - Direct	4,840	1,463
	<b>1,139,919</b>	<b>982,844</b>
<b>Sales Less Direct Costs</b>	<b>746,161</b>	<b>682,500</b>
<b>Operating Expenses</b>		
Administration and Other	102,178	82,132
Depreciation - Indirect	7,570	4,814
	<b>109,748</b>	<b>86,946</b>
<b>Net Income From Operations</b>	<b>636,413</b>	<b>595,554</b>
Interest Income	4,820	8,005
Payments to Government of Canada (note 5)		
• on behalf of the Province of Ontario	18,599	18,241
• Goods and Services Tax	20,179	15,569
<b>Net Income</b>	<b>602,455</b>	<b>569,749</b>

*See accompanying notes to financial statements.*



**ONTARIO LOTTERY CORPORATION**  
**STATEMENT OF CHANGES IN AMOUNT DUE TO (FROM)**  
**PROVINCE OF ONTARIO**

*for the year ended March 31, 1994*  
*(in thousands of dollars)*

	1994	1993
Balance, beginning of year	(2,554)	2,095
Add (Deduct):		
Net Income	602,455	569,749
Depreciation	12,410	6,277
Capital Expenditures	(55,374)	(42,675)
	559,491	533,351
	556,937	535,446
Payments to Province of Ontario		
• Social Contract Payments	1,546	—
• Profit Payments	562,000	538,000
	563,546	538,000
Balance, end of year	(6,609)	(2,554)

*See accompanying notes to financial statements.*

**ONTARIO LOTTERY CORPORATION**  
**STATEMENT OF EQUITY IN FIXED ASSETS**

*for the year ended March 31, 1994*  
*(in thousands of dollars)*

	1994	1993
Balance, beginning of year	52,871	16,473
Add: Capital Expenditures	55,374	42,675
Deduct: Depreciation	12,410	6,277
Balance, end of year	95,835	52,871

*See accompanying notes to financial statements.*

# ONTARIO LOTTERY CORPORATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 1994  
(in thousands of dollars)

### 1. Nature of the Corporation

The Ontario Lottery Corporation was incorporated without share capital on February 6, 1975 pursuant to the *Ontario Lottery Corporation Act*. The Corporation is responsible for the conduct and management of lottery games in Ontario. The Wintario, Lottario, Instant, ENCORE, Pick-3 and PRO•LINE lotteries are conducted solely by the Corporation, whereas, the Provincial, Special Events and Lotto 6/49 lotteries are joint undertakings by all Provinces acting through the Interprovincial Lottery Corporation.

### 2. Significant Accounting Policies

#### (a) Basis of Accounting

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles.

#### (b) Fixed Assets

Major capital expenditures with a future useful life beyond the current year are capitalized at cost and are depreciated on a straight-line basis according to their estimated useful lives, as follows:

Building .....	25 years
Furniture and Fixtures .....	10 years
Leasehold Improvements .....	5 years
Automotive .....	3 years
Merchandising Equipment .....	3 years
Wagering Terminals .....	7 years
Computer Hardware .....	3 years
System Software .....	3 years

Minor capital expenditures and expenditures for repairs and maintenance are charged to operations.

#### (c) Prize Money Unclaimed

Under the regulations of the Act, unclaimed prize money from lotteries conducted solely by the Corporation is reserved and redistributed to the players through prizes and bonus draws.

# ONTARIO LOTTERY CORPORATION

## NOTES TO FINANCIAL STATEMENTS

*March 31, 1994*  
(in thousands of dollars)

### (d) Revenue Recognition

Revenues for Lottario, ENCORE, Pick-3, Provincial, Lotto 6/49 and Special Events are deferred on ticket sales and recognized when the draw takes place. For PRO•LINE, Wintario, and Instant games, revenues are recognized when the ticket is sold to the consumer.

### 3. Fixed Assets

	1994		1993	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	260	—	260	260
Building	1,040	385	655	697
Furniture and Fixtures	8,582	2,483	6,099	5,680
Leasehold Improvements	2,053	680	1,373	1,508
Automotive	957	905	52	297
Merchandising Equipment	5,157	539	4,618	—
Wagering Terminals	76,059	32,387	43,672	20,399
Computer Hardware	32,713	15,890	16,823	17,153
System Software	23,124	841	22,283	6,877
	<b>149,945</b>	<b>54,110</b>	<b>95,835</b>	<b>52,871</b>

### 4. Commitments

The Corporation has entered into several office space leases in various locations in Ontario. The minimum annual lease payments for each of the next five years are approximately as follows:

1995 .....	\$4,101
1996 .....	3,847
1997 .....	3,868
1998 .....	4,001
1999 .....	4,096

# ONTARIO LOTTERY CORPORATION

## NOTES TO FINANCIAL STATEMENTS

*March 31, 1994*  
*(in thousands of dollars)*

Future aggregate minimum lease payments to the expiry dates amount to approximately \$41,316.

The Corporation has a purchase agreement for new On-line Gaming Terminals that will cost \$15 million in capital expenditures over the next year, and a purchase agreement for at least \$6.5 million for ticket printing services in each of the next four years.

### **5. Payments to Government of Canada**

(a) The provincial lottery corporations make remittances to the Government of Canada under an agreement dated August 1979 made between the Provincial Governments and the Federal Government. The agreement stipulates that the Government of Canada will not participate in the sale of lottery tickets.

(b) Goods and Services Tax payments are made in accordance with a letter of interpretation issued by Revenue Canada to the various lottery jurisdictions in Canada whereby each provincial lottery corporation remits taxes on all expenditures, including retailer commission costs. Goods and Services Tax is also paid by the Corporation on its purchases and these payments are included in the respective accounts. The amount included in the accounts was \$11.3 million for the fiscal year ended March 31, 1994 (1993 - \$9.5 million). Accordingly, total Goods and Services Tax payments were \$31.5 million and \$25.0 million in 1994 and 1993 respectively.

### **6. Comparative Figures**

Certain amounts at March 31, 1993 have been reclassified to conform with the financial statement presentation adopted at March 31, 1994.



# ONTARIO LOTTERY CORPORATION

## Board Members

Dr. Frederick Griffith  
Sault Ste. Marie, Chair  
(June 24, 1992 - Feb. 16,  
1995)

Jane Stechly  
Mississauga, Vice Chair  
(June 6, 1991 - Feb. 16,  
1997)

Anne B. Bender  
Mississauga, Director  
(March 26, 1987 - Feb. 16,  
1996)

Gary S. Dibb  
Toronto, Director  
(March 21, 1990 - Feb. 16,  
1996)

Loreen Gilmour  
Ottawa, Director  
(July 23, 1993 - Feb. 16,  
1996)

Trevor Hendricks  
Mississauga, Director  
(March 24, 1994 - Feb. 16,  
1997)

Kyung B. Lee  
Toronto, Director  
(Sept. 6, 1991 - Feb. 16,  
1997)

Robert Redgwell  
London, Director  
(Aug. 19, 1993 - Feb. 16,  
1996)

Reinhard Zobrist  
Bracebridge, Director  
(Oct. 5, 1989 - Feb. 16, 1995)

## Senior Staff

Garth Manness  
President

Tom Dalton  
Vice President  
Finance and Administration

Paul Hawn  
Vice President  
Human Resources

George Koutris  
Vice President  
Sales and Distribution

D'Arcy McGee  
Vice President  
Information Systems and  
Technology

Philip Rowlatt-Smith  
Vice President  
Marketing

Josephine Stewart  
Vice President  
Corporate Communications

Together we're making good things happen.



Ontario Lottery Corporation  
Société des loteries de l'Ontario

## Ontario Lottery Corporation

70 Foster Drive, Suite 800, Sault Ste. Marie, Ontario P6A 6V2  
(705) 946-6464

Consumer Affairs 1-800-387-0098  
TDD 1-800-563-5357

*An agency of:*



Ministry of Culture,  
Tourism and  
Recreation

## WINNING NUMBERS

### *English recordings*

Lottario  
(416) 870-9122  
Pick-3  
(416) 870-9135  
Lotto 6/49 and  
ENCORE  
(416) 870-9134  
LOTTO SUPER 7  
(416) 870-9161  
Estimated Jackpot Line  
(416) 870-9140  
Information Line  
(416) 870-9170

### *French recordings*

Lotto 6/49, ENCORE,  
LOTTO SUPER 7 and Lottario  
(416) 870-9137  
Pick-3 and Information Line  
(416) 870-9136

## SUBSCRIPTION SERVICE

Lotto Advance  
1-800-268-8012



PRO-LINE



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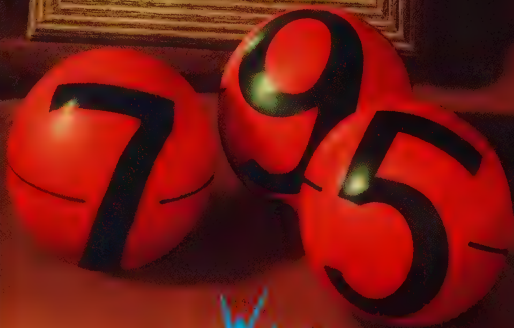
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ANNIVERSARY

ANNUAL REPORT

1994 - 1995



Ontario Lottery Corporation  
Société des loteries de l'Ontario

July 14, 1995

The Honourable William J. Saunderson  
Minister of Economic Development, Trade and Tourism  
Hearst Block  
900 Bay Street  
Toronto, Ont.  
M7A 2E1

Dear Minister:

Pursuant to the provisions of the *Ontario Lottery Corporation Act*, I am pleased to present the *Annual Report* of the Ontario Lottery Corporation for the year ending March 31, 1995.

Yours very truly,

A handwritten signature in blue ink, appearing to read "Dr. Griffith", with a stylized flourish at the end.

Dr. Frederick Griffith  
Chair of the Board



# ABOUT THE ONTARIO LOTTERY CORPORATION

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In 1995 the Ontario Lottery Corporation (OLC) celebrates two decades of service to the Province of Ontario.

The Corporation, established in 1975 with the passage of the *Ontario Lottery Corporation Act*, operates 10 lottery games in the province: Lotto 6/49, ENCORE, LOTTO SUPER 7, Lottario, Pick-3, Wintario, Instant, PRO•LINE and OVER/UNDER from SPORT SELECT, and Celebration. Provincial legislation prohibits the sale of lottery tickets to anyone under 18 years of age.

The **purpose** of the Ontario Lottery Corporation is to benefit the people of Ontario through the development of lottery and related gaming activities that have integrity, and are operated in an efficient and socially responsible manner.

In all its activities, the OLC brings the following **values** to bear:

## **Honesty**

*In all our speech and actions, internally and externally, corporately and individually, we are truthful, fair and lawful.*

## **Merit**

*Our decisions are based on fact, are prudent, support our Corporate plans and objectives, and are consistent with the principle of fairness and the laws and regulations governing the Corporation.*

## **Respect for People**

*All individuals are highly valued and are treated equitably.*

## **Openness**

*We share ideas and information except where a need exists for personal privacy, information security or where business interests must be protected.*

## **Teamwork**

*We work co-operatively to achieve Corporate goals.*

## **Excellence**

*In all that we do, we are committed to the highest standards of performance, competence and efficiency.*



## **Public Responsibility**

*We work to serve the citizens of Ontario and to steward the assets and affairs of the Corporation for the benefit of Ontarians.*

With the OLC's commitment to its purpose and adherence to these values, the Corporation continues to enjoy a high level of public support. More than half the adults in Ontario play lottery games. In fact 1994-1995 sales are close to \$2 billion. Approximately 90 per cent of this revenue is returned to the people of Ontario in the form of prizes, grants, retailer commissions, and the purchase of goods and services by the OLC.

Lottery profits, deposited into the province's Consolidated Revenue Fund, primarily support Ontario hospitals, as well as voluntary social service organizations through The Trillium Foundation, and sport, recreational and cultural projects.

Since 1975, the OLC has raised more than \$6.1 billion for the province's many worthwhile projects. Together we're celebrating 20 years of making good things happen.





In 1995 the Ontario Lottery Corporation (OLC) celebrates 20 years of service to the Province and the people of Ontario. In two decades the OLC's growth has been dramatic.

Wintario, the Corporation's inaugural game launched in 1975, celebrated its 20th anniversary this year and is now joined by nine other lottery products. These products, developed through careful market analysis and planning, have produced sales of close to \$2 billion and net income of more than \$626 million in this fiscal year of 1994 - 1995.

Since the launch of Wintario, the OLC has raised more than \$6.1 billion for the province's hospitals, voluntary social service agencies and many worthwhile community programs. While lottery profits touch the lives of Ontarians in every corner of the province they are only part of the story. In addition to profits paid to the province, the OLC has paid \$8.5 billion in cash prizes, and millions of dollars in commissions and for goods and services connected with our business. Approximately 90 per cent of lottery sales are returned to the people of the province.

As much as anniversaries are a time to reflect on and celebrate past achievements, they are also a time to plan for the future. The OLC's Board of Directors spent time this past year examining its role and how to best represent its shareholder – the Government of Ontario, and through it the people of Ontario. The review included a two-day workshop on the role of the Board and several sessions on strategic planning. The work culminated in the articulation of the Corporate purpose and an identification of the values that will guide the Corporation in the years ahead.

The **Purpose** of the Ontario Lottery Corporation is to benefit the people of Ontario through the development of lottery and related gaming activities that have integrity and are operated in an efficient and socially responsible manner. This statement incorporates four important concepts.

The purpose recognizes that the OLC exists to benefit the people of Ontario through the development and operation of lottery and related gaming activities. It identifies the fact the Corporation must operate with integrity. The OLC's lifeline is integrity – our draws and operations are above reproach. The





Corporation also has a responsibility to operate as efficiently as possible. This ensures that we maximize the contribution to the bottom line and the amount of money turned over to the provincial government.

Lastly, the statement describes the importance of the Corporation acknowledging its social responsibilities. The Board has challenged staff to look at programs that will ensure the OLC operates its games in a socially responsible and sensitive manner.

In addition to the work on the Corporation's purpose and values, the Board of Directors continued to guide the OLC operations through the work of its four committees: Marketing and Sales, Information Systems and Technology, Audit, and Human Resources. The committees liaise with the executive of the OLC through the President and advise the Board on policy recommendations for action.

The Board's Marketing and Sales committee liaises with both the Corporation's Marketing division and the Sales and Distribution division. This committee reviews significant management recommendations from those divisions. During 1994-1995, for example, the committee recommended to the Board the appropriate use of the unclaimed prize fund for OLC games.

The Board's Information Systems and Technology committee has a similar liaison role with the Corporation's Information Systems and Technology division. This past fiscal year, the committee worked diligently to advise the board on the status of the OLC's new on-line gaming system which was successfully implemented in June 1995.

The Board's Audit committee works with the Corporation's Internal Audit department and Finance division in order to ensure the integrity and efficiency of the OLC's financial and operational systems. The committee also reviews and analyses the annual financial statements, and meets with external auditors and consultants to review the status of the OLC financial operations and gaming systems.

The mandate of the Board's Human Resources committee is to work with the OLC's Human Resources division on personnel matters. The committee's primary interests are threefold. It ensures that there is an effective succession and a Human Resources development plan in place in the organization. The committee also ensures that OLC Human Resources practices conform to the Corporation's policies, and both federal and provincial laws.

In addition to its committee work the Board worked closely with Ontario's Minister of Culture, Tourism and Recreation (now the Minister of Economic Development, Trade and Tourism), during the year and regularly advised the provincial government on gaming issues.

The Chair and Vice Chair of the Board are also on the Board of Directors of the Interprovincial Lottery Corporation (ILC), the jointly operated lottery organization responsible for the popular Lotto 6/49 game. The ILC is comprised of all five Canadian lottery jurisdictions – the Atlantic Lottery Corporation, Loto-Québec, the Ontario Lottery Corporation, the Western Canada Lottery Corporation and the British Columbia Lottery Corporation. During 1994-1995 the ILC voiced concern about the negative impact of a suggested federal tax on lottery winnings. Following presentations by the ILC the government decided not to introduce this tax.

Throughout the year the OLC continued to enforce the provincial law prohibiting the sale of lottery tickets to anyone under 18 years of age. In this regard the Board has approved ongoing retailer education and procedures for investigating complaints against retailers as well as penalties for those who violate the law.

In February 1995 Board member Reinhard Zobrist of Bracebridge completed his second term of office. His contributions to the Board of Directors over the last six years are very much appreciated. The Board also welcomes a new director, Robert Welch of Niagara-on-the-Lake, who began his term early in the 1995-1996 fiscal year.

My sincere thanks to the executive and staff whose hard work and commitment made 1994-1995 another outstanding year. As I begin my fourth year as Chair, I look forward to the Ontario Lottery Corporation's continued success. The Board will continue to govern the Corporation in ways to increase its level of service to the province, while maintaining its integrity, social responsibility and operating efficiency. Without a doubt, Ontarians can expect many more years of good things from the Ontario Lottery Corporation.



Dr. Frederick Griffith  
Chair



wintario



What better way for the Ontario Lottery Corporation (OLC) to celebrate two decades of service to the Province of Ontario than by achieving record sales and profit levels.

In 1994-1995, sales reached \$1.9 billion, a \$55.7 million increase over the 1993-1994 fiscal year. The effect on the bottom line was positive, as net income topped \$626.6 million, an increase of \$24.1 million over the previous year. Two ways in which the OLC met its financial goals were to introduce new products and to improve its operations throughout the year.

In May 1994, the Corporation launched LOTTO SUPER 7 in Ontario, an Interprovincial Lottery Corporation game that appeals to players who dream of winning a large Jackpot prize. The \$2 on-line game, with its guaranteed minimum Jackpot of \$2.5 million, was designed to complement Lotto 6/49. Together these on-line products contributed \$64 million to the sales growth of the OLC, an increase of 7.6 per cent. Other on-line games experienced growth as well.

More players are saying "YES" to ENCORE than ever before. The Lotto 6/49 spiel game garnered sales of \$116.2 million in 1994-1995, an increase of 4.9 per cent over the previous year. Pick-3, Ontario's daily lottery, also gained ground. Pick-3 reached a milestone the week ending Nov. 5, 1994, recording \$1 million in weekly sales. Sales during the year were \$48.2 million, up 9.6 per cent from 1993-1994.

As anticipated, lottery products that have been on the market for some time experienced a sales decline. Compared to the previous year, sales decreased by 24.8 per cent for Wintario, 15.4 per cent for Lottario and 22.5 per cent for Celebration. Sales also declined by 7.9 per cent for Ontario Instant Millions.

PRO•LINE sales were also lower than budgeted due to the professional hockey and baseball labor disputes during the fiscal year. During the fall, European league soccer was added to the SPORT SELECT Game List ensuring a full roster was available for player wagering. PRO•LINE sales in 1994-1995





were \$172.6 million, declining \$65.8 million from 1993-1994 figures.

On the brighter side, SPORT SELECT sales were boosted by the introduction of OVER/UNDER in January 1995. The game challenges sports fans to predict whether the combined final scores of professional sporting events will be over or under the number set by the OLC. Rapidly, OVER/UNDER has attracted a loyal following – sales were \$36.4 million from the game's launch to the end of the fiscal year.

In the off-line category of games, the \$3 Instant BINGO and Instant KENO contributed substantially to sales growth. Together the games achieved a 63.3 per cent sales increase, from \$142.2 million in 1993-1994 to \$232.3 million in 1994-1995. Instant BINGO has enjoyed popularity since its launch in September 1993. Instant KENO, designed to increase the \$3 market, was an instant hit when it was test-marketed in the Southern Ontario Region in August 1994. The game launched provincewide in April 1995.

In the \$2 Instant category, sales were \$166.6 million, a 16.8 per cent drop from last year. Again, sports disruptions affected sales of \$2 Instants with sports themes.

The OLC introduced two new categories of games, \$1 festival and \$1 city tickets, this fiscal year. Caribana™ Lottery debuted in June 1994 to coincide with the OLC's sponsorship of Caribana™ 1994 in Toronto. In September 1994, the Oktoberfest Lottery was launched as part of the Corporation's sponsorship of K-W Oktoberfest in Kitchener-Waterloo. The OLC's first city games, OTTAWA JACKPOT and CASH IN LONDON!, hit the market in August 1994. Annual sales for \$1 Instants increased slightly, from \$45.6 million in 1993-1994 to \$48.2 million.

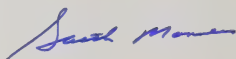
To ensure its continued ability to innovate, the OLC upgraded its gaming technology during 1994-1995.

The Corporation completed a project to install new terminals at its 7,500-plus, on-line retailer outlets. Now every OLC on-line retailer is equipped with the new Spectra terminal. In addition, new bar code readers were tested and installed at on-line retail outlets during the year. The technology improves customer service by allowing retailers to scan winning Instant tickets and validate them immediately for winners.

OLC staff also finished developing the New On-line System Project during the fiscal year. Set to launch in the summer of 1995, the new system software will allow the Corporation

increased flexibility in adding new games or game enhancements. It also makes administrative tasks easier and more cost-efficient by automating certain functions and streamlining others.

This past fiscal year was a time of change and growth in the marketplace and within the Corporation. I congratulate the Board of Directors, staff and retailers for their parts in meeting the challenge. Thanks to their commitments, hard work and knowledge, the Ontario Lottery Corporation continues to successfully serve the people of Ontario.



Garth Manness  
President





In 1995, the Ontario Lottery Corporation (OLC) celebrated 20 years of making good things happen in the province. Since 1975, lottery profits of more than \$6.1 billion have improved the quality of life of countless Ontarians.

In 1994 -1995, the Corporation contributed \$601.6 million to the province's many worthwhile community projects. More than 85 per cent of lottery profits support the operation of Ontario hospitals. Lottery funds also benefit sport, recreational and cultural projects and – through The Trillium Foundation – voluntary social service organizations.

Here is a sampling of the many other ways lottery profits benefited community groups and organizations across the province in 1994 -1995:

- A \$600,900 Trillium Foundation grant assisted the Toronto office of the Candlelighters Childhood Cancer Foundation of Canada in expanding support services across Ontario to families of children with cancer. The grant also helped offset the cost of administrative support.
- The Sudbury Multicultural Folk Arts Association purchased and installed a telephone system with the help of a \$3,229 Ministry of Citizenship grant.
- The Shepherds of Good Hope in Ottawa purchased computer equipment and a vehicle, and improved its programs after receiving a \$169,200 Trillium Foundation grant. The Ottawa organization provides emergency shelter, support housing and food programs.
- The East London Day Care Centre has safer playground equipment, new toys and other play equipment, thanks to a \$17,800 Trillium Foundation grant.
- The Momiji Health Care Centre in Scarborough used a \$68,500 Trillium Foundation grant to improve its many programs for seniors and people with disabilities, primarily from the Japanese community.
- The National Broadcasting Reading Service Inc. (Voiceprint), hired additional staff, purchased computer equipment and expanded its services to Northern Ontario with a \$291,500 Trillium Foundation grant. The Toronto-based organization provides a satellite-to-cable audio reading network for the visually impaired.
- The Chatham-Kent Sexual Assault Crisis Centre received a \$53,300 Trillium Foundation grant for organizational development and a volunteer training program.
- Wasseandimikaning in Espanola provides a wilderness experience for youth, and a prevention and treatment program for natives with diabetes. The native organization received a \$15,000 Trillium Foundation grant to offset staff costs.
- And thanks to a \$58,400 Trillium Foundation grant, the Halton Centre for Childhood Sexual Abuse can improve its fund-raising programs and purchase computer equipment. The Oakville organization aims to prevent and treat child sexual abuse.



## Sales – Year Ended March 31, 1995

<i>1994 - 1995</i>	<i>(\$ Millions)</i>
Wintario	56
Lottario	89
Instant	510
Pick-3	48
Lotto 6/49	824
ENCORE	116
LOTTO SUPER 7	84
Celebration 95 (Special Event)	6
OVER/UNDER	36
PRO•LINE	173
<b>Total</b>	<b>1,942</b>

### Direct Costs

#### *Prizes*

Total cash prizes reached \$958.1 million, representing 49.3 per cent of sales.

#### *Commissions*

Commissions paid to the OLC's 11,400 retailers reached \$132.2 million. During 1994 -1995, retailers received an eight per cent commission for selling Wintario and Instant tickets and five per cent for other games. Prize redemption fees were also paid. During 1994 -1995, retailers received a three per cent commission for paying out cash prizes on Instant and Passive games. For redeeming on-line prizes, retailers received a two per cent commission.

#### *Other Direct Expenses*

The costs of brand marketing, ticket printing and terminal operation and direct depreciation totalled \$84.5 million in 1994-1995.

Total ticket printing and terminal operation costs consist of the cost of printing tickets, the cost of communications between the Corporation's central computer and retailers' on-line gaming terminals (EDP line costs), and the maintenance costs for the on-line gaming terminals.

### Operating Expenses

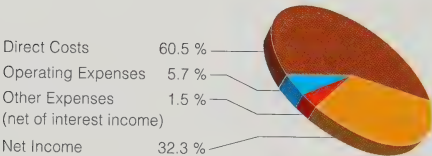
In 1994 -1995, operating costs (comprising Corporate advertising, administration and equipment) were \$110.4 million and represented 5.7 per cent of sales.

**Other Expenses**

Other expenses include special payments to the federal government of \$18.7 million for the Goods and Services Tax (GST), and \$18.8 million as per the August 1979 agreement between the provincial and federal governments. See note 6 to the financial statements on page 23 for details.

**Distribution of Sales**

**1994 -1995**



# 10 - YEAR REVIEW

(in millions of dollars)

	1985 - 1986	1986 - 1987	1987 - 1988	1988 - 1989	1989 - 1990	1990 - 1991	1991 - 1992	1992 - 1993	1993 - 1994	1994 - 1995
Sales	946.4	1,254.4	1,273.9	1,300.6	1,319.6	1,350.8	1,406.3	1,665.3	1,886.1	1,941.8
Cash Prizes	449.6	591.4	598.0	608.3	619.4	639.9	674.2	808.8	941.5	958.1
Net Income*	320.7	458.7	471.1	484.1	491.8	468.1	460.3	569.7	602.5	626.6
Number of Games	6	6	6	7	8	9	9	9	9	10

\*Net Income for 1991-1992 (and subsequent fiscal years) reflects the change in accounting policy to capitalize fixed assets on acquisition. Prior periods have not been adjusted as the information is not readily available.

# ONTARIO LOTTERY CORPORATION MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING AND INTERNAL CONTROL

---

The Ontario Lottery Corporation's financial statements are the responsibility of management and have been prepared in accordance with generally accepted accounting principles. The preparation of the financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current period cannot be finalized with certainty until future periods. The financial information throughout the text of this *Annual Report* is consistent with the information presented in the financial statements.

In meeting its responsibility for the reliability and timeliness of financial information, management has developed and maintains comprehensive internal accounting, operating and systems controls. These controls are designed to safeguard the Corporation's assets and maintain accountability for their use, and ensure compliance with regulatory requirements.

An internal audit function independently evaluates the effectiveness of these controls on an ongoing basis and reports its findings to management and the Audit committee of the Board of Directors. In addition, the Corporation employs external consultants who advise both management and the Board of Directors on the reliability and integrity of the Corporation's gaming and gaming support systems.

The Board of Directors oversees management's responsibilities for financial reporting and internal control through the Audit committee. This committee reviews with management and the Provincial Auditor the content and format of the Corporation's financial statements and the adequacy of the Corporation's internal control before recommending approval to the Board of Directors.

The financial statements have been audited by the Provincial Auditor who was appointed pursuant to the *Ontario Lottery Corporation Act*. The Auditor's report, which follows, outlines the scope of the Provincial Auditor's examination and opinion.

The Provincial Auditor, the Corporation's internal auditor and the external consultants reviewing our gaming systems have full and free access to the Audit committee to discuss their audits and related findings.

The Board, based upon the recommendations of the Audit committee, has reviewed and approved the financial statements for the fiscal year ending March 31, 1995.



Garth Manness, President



Tom Dalton, Vice President  
Finance and Administration



# AUDITOR'S REPORT

*To the Board of Directors of the Ontario Lottery Corporation and  
to the Minister of Culture, Tourism and Recreation*

I have audited the balance sheet of the Ontario Lottery Corporation as at March 31, 1995 and the statements of operations, changes in amount due to (from) Province of Ontario and equity in fixed assets for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1995 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.



Erik Peters, FCA  
Provincial Auditor

Toronto, Ontario  
May 24, 1995

Office of the  
Provincial Auditor  
of Ontario



Bureau du  
vérificateur provincial  
de l'Ontario

# ONTARIO LOTTERY CORPORATION

## BALANCE SHEET

*as at March 31, 1995*

*(in thousands of dollars)*

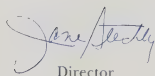
	1995	1994
<b>Assets</b>		
Cash	45,161	28,136
Prize funds on deposit	57,582	59,786
Due from Interprovincial Lottery Corporation	1,883	6,480
Accrued interest	1,642	798
Accounts receivable	14,736	12,904
Amount due from Province of Ontario	—	6,609
Prepaid expenses	16,992	14,704
Fixed assets (note 3)	108,587	95,835
	<b>246,583</b>	<b>225,252</b>

### Liabilities and Equity

Accounts payable and accrued liabilities	43,214	34,556
Prize money unclaimed	57,582	59,786
Amount due to Province of Ontario	5,628	—
Due to Government of Canada	2,048	2,609
Deferred income	29,524	32,466
Equity in fixed assets	108,587	95,835
Commitments (note 4)		
	<b>246,583</b>	<b>225,252</b>

*See accompanying notes to financial statements.*

On behalf of the Board:

  
Director

  
Director

# ONTARIO LOTTERY CORPORATION

## STATEMENT OF OPERATIONS

*for the year ended March 31, 1995*  
*(in thousands of dollars)*

	1995	1994
<b>Sales</b>	<b>1,941,755</b>	<b>1,886,080</b>
<b>Direct expenses</b>		
Prizes	958,060	941,453
Commissions	132,223	126,910
Brand marketing	27,531	22,696
Ticket printing and terminal operation	46,166	44,020
Depreciation - direct	10,798	4,840
	<b>1,174,778</b>	<b>1,139,919</b>
<b>Sales less direct expenses</b>	<b>766,977</b>	<b>746,161</b>
<b>Operating expenses</b>		
Administration and other	101,565	102,178
Depreciation - indirect	8,809	7,570
	<b>110,374</b>	<b>109,748</b>
<b>Net income from operations</b>	<b>656,603</b>	<b>636,413</b>
Other income (expense):		
Interest income	7,496	4,820
Payments to Government		
of Canada (note 6)	(37,526)	(38,778)
	<b>(30,030)</b>	<b>(33,958)</b>
<b>Net income</b>	<b>626,573</b>	<b>602,455</b>

*See accompanying notes to financial statements.*

ONTARIO LOTTERY CORPORATION  
STATEMENT OF CHANGES IN AMOUNT  
DUE TO (FROM) PROVINCE OF ONTARIO

*for the year ended March 31, 1995  
(in thousands of dollars)*

	1995	1994
Balance, beginning of year	(6,609)	(2,554)
Add (deduct):		
Net income	626,573	602,455
Depreciation	19,607	12,410
Capital expenditures	(32,359)	(55,374)
	<b>613,821</b>	<b>559,491</b>
	<b>607,212</b>	<b>556,937</b>
Payments to Province of Ontario	601,584	563,546
<b>Balance, end of year</b>	<b>5,628</b>	<b>(6,609)</b>

*See accompanying notes to financial statements.*

ONTARIO LOTTERY CORPORATION  
STATEMENT OF EQUITY IN FIXED ASSETS

*for the year ended March 31, 1995  
(in thousands of dollars)*

	1995	1994
Balance, beginning of year	95,835	52,871
Add: Capital expenditures	32,359	55,374
Deduct: Depreciation	19,607	12,410
<b>Balance, end of year</b>	<b>108,587</b>	<b>95,835</b>

*See accompanying notes to financial statements.*



# ONTARIO LOTTERY CORPORATION

## NOTES TO FINANCIAL STATEMENTS

---

March 31, 1995

### 1. Nature of the Corporation

The Ontario Lottery Corporation was incorporated without share capital on February 6, 1975, pursuant to the *Ontario Lottery Corporation Act*. The Corporation is responsible for the conduct and management of lottery games in Ontario. The Wintario, Lottario, Instant, ENCORE, Pick-3, PRO•LINE and OVER/UNDER lotteries are conducted solely by the Corporation, whereas, the LOTTO SUPER 7, Lotto 6/49, Provincial and Special Events lotteries are joint undertakings by all Provinces acting through the Interprovincial Lottery Corporation.

### 2. Significant Accounting Policies

#### (a) Basis of Accounting

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles.

#### (b) Fixed Assets

Major capital expenditures with a future useful life beyond the current year are capitalized at cost and are depreciated on a straight-line basis according to their estimated useful lives, as follows:

Building	25 years
Furniture and fixtures	10 years
Leasehold improvements	5 years
Automotive	3 years
Merchandising equipment	3 years
Wagering terminals	7 years
Computer hardware	3 years
System software	3 years

Minor capital expenditures and expenditures for repairs and maintenance are charged to operations.

#### (c) Prize Money Unclaimed

Under the regulations of the Act, unclaimed prize money from lotteries conducted solely by the Corporation is reserved and redistributed to the players through prizes and bonus draws.

# ONTARIO LOTTERY CORPORATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 1995

### (d) Revenue Recognition

Revenues for Lottario, ENCORE, Pick-3, Provincial, LOTTO SUPER 7, Lotto 6/49 and Special Events are deferred on ticket sales and recognized when the draw takes place. For PRO•LINE, OVER/UNDER, Wintario and Instant games, revenues are recognized when the ticket is sold to the customer.

### 3. Fixed Assets (in thousands of dollars)

	1995		1994	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	260	-	260	260
Building	1,040	427	613	655
Furniture and fixtures	9,605	3,316	6,289	6,099
Leasehold improvements	2,443	1,061	1,382	1,373
Automotive	850	847	3	52
Merchandising equipment	5,153	2,138	3,015	4,618
Wagering terminals	66,030	14,550	51,480	43,672
Computer hardware	33,187	23,229	9,958	16,823
System software	36,925	1,338	35,587	22,283
	<b>155,493</b>	<b>46,906</b>	<b>108,587</b>	<b>95,835</b>

### 4. Commitments

The Corporation has entered into several office space leases in various locations in Ontario. The minimum annual lease payments for each of the next five years are approximately as follows:

1996	\$3,965,000
1997	3,860,000
1998	4,000,000
1999	4,096,000
2000	4,100,000

Future aggregate minimum lease payments to the expiry dates amount to approximately \$37,286,000.

The Corporation has a purchase agreement for at least \$6,500,000 for ticket printing services in each of the next three years. In addition, the Corporation has a computer hardware and maintenance agreement with annual payments for each of the next three years approximately as follows:

1996	\$6,996,000
1997	8,804,000
1998	2,236,000

# ONTARIO LOTTERY CORPORATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 1995

### 5. Pension Plan

The Corporation provides pension benefits for its permanent employees through participation in the Public Service Pension Fund established by the Province of Ontario. The Corporation's share of contributions to the Fund during the year was \$3,159,000 (1994 - \$2,585,000) and is included in Administration and other in the Statement of Operations. This amount includes current contributions and additional payments required to cover the Corporation's share of the Fund's estimated unfunded liabilities.

### 6. Payments to Government of Canada

The Corporation made the following payments to the Government of Canada (in thousands of dollars):

	1995	1994
Payment on behalf of the Province of Ontario	18,793	18,599
Goods and Services Tax	18,733	20,179
	<b>37,526</b>	<b>38,778</b>

#### (a) *Payment on behalf of the Province of Ontario*

The provincial lottery corporations make remittances to the Government of Canada under an agreement dated August 1979 made between the Provincial Governments and the Federal Government. The agreement stipulates that the Government of Canada will not participate in the sale of lottery tickets.

#### (b) *Goods and Services Tax*

Goods and Services Tax (GST) payments are made in accordance with a letter of interpretation issued by Revenue Canada to the various lottery jurisdictions in Canada whereby each provincial lottery corporation remits taxes on all expenditures, including retailer commission costs. This tax is in lieu of the collection of GST on lottery ticket sales to the customer.

The Corporation also pays GST on its purchases. These payments are not recoverable and are included in the respective accounts.

## Board Members

Dr. Frederick Griffith  
Sault Ste. Marie, Chair  
(June 24, 1992 - Feb. 16, 1998)

Jane Stechly  
Mississauga, Vice Chair  
(June 6, 1991 - Feb. 16, 1997)

Anne B. Bender  
Mississauga, Director  
(March 26, 1987 - Feb. 16, 1996)

Gary S. Dobb  
Toronto, Director  
(March 21, 1990 - Feb. 16, 1996)

Loreen Gilmour  
Ottawa, Director  
(July 23, 1993 - Feb. 16, 1996)

Trevor Hendricks  
Mississauga, Director  
(March 24, 1994 - Feb. 16, 1997)

Kyung B. Lee  
Toronto, Director  
(Sept. 6, 1991 - Feb. 16, 1997)

Robert Redgwell  
London, Director  
(Aug. 19, 1993 - Feb. 16, 1996)

Robert S.K. Welch  
Niagara-on-the-Lake, Director  
(April 27, 1995 - Feb. 16, 1998)

## Executive Committee

Garth Manness  
President

Tom Dalton  
Vice President  
Finance and  
Administration

Tom Dawley  
Vice President  
Marketing

Paul Hawn  
Vice President  
Human Resources

George Koutris  
Vice President  
Sales and Distribution

Gilbert Rehayem  
Vice President  
Information Systems  
and Technology  
(as of October 10, 1995)

Reg St. Amour  
Acting Vice President  
Information Systems  
and Technology

Josephine Stewart  
Vice President  
Corporate  
Communications



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ANNUAL REPORT

1995

1996



Ontario Lottery Corporation  
Société des loteries de l'Ontario







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# We develop and operate lottery schemes on behalf of the provincial government.

**The Ontario Lottery Corporation** was established in 1975 as a Crown corporation under the *Ontario Lottery Corporation Act* with a mandate to develop and operate lottery schemes on behalf of the provincial government.

**The OLC reports** to the Government of Ontario through the Minister of Economic Development, Trade and Tourism.

**The Board of Directors** is the OLC's governing body and consists of up to nine members appointed by an order-in-council for a three-year term. The Board has the ultimate authority and responsibility for directing corporate policy.



**Two members** of the Board are also on the Board of Directors of the Interprovincial Lottery Corporation (ILC), the jointly operated lottery organization responsible for such games as the popular LOTTO 6/49. The ILC is comprised of all five Canadian lottery jurisdictions – the Atlantic Lottery Corporation, British Columbia Lottery Corporation, Loto-Québec, the Ontario Lottery Corporation and the Western Canada Lottery Corporation.

**Profits earned** by the OLC are deposited in the Consolidated Revenue Fund of the Province of Ontario for distribution by the Province.

**The Ontario Lottery Corporation Act directs lottery funds to provincial hospitals, sport, recreational and cultural activities, and through The Trillium Foundation, to voluntary social service organizations. The OLC is not responsible for distribution of grant money.**

**PURPOSE**

The purpose of the Ontario Lottery Corporation is to benefit the people of Ontario through the development of gaming and gaming-related activities that have integrity and are operated in an efficient and socially responsible manner.

**VISION**

Our **vision** is to be the recognized leader in the gaming industry in Ontario.

**VALUES****Honesty**

In all our speech and actions, internally and externally, corporately and individually, we are truthful, fair and lawful.

**Merit**

Our decisions are based on fact, are prudent, support our corporate plans and objectives, and are consistent with the principle of fairness and the laws and regulations governing the Corporation.

**Respect for People**

All individuals are highly valued and are treated equitably.

**Openness**

We share ideas and information, except where a need exists for personal privacy, information security or where business interests must be protected.

**Teamwork**

We work co-operatively to achieve corporate goals.

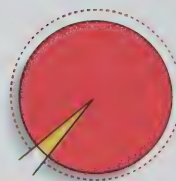
**Excellence**

In all that we do, we are committed to the highest standards of performance, competence and efficiency.

**Public Responsibility**

We work to serve the citizens of Ontario and to steward the assets and affairs of the Corporation for the benefit of Ontarians.

Almost 97% of our revenue is returned to the people of Ontario.



The **OLC President** reports directly to the OLC Board of Directors and is responsible for the implementation of corporate policy as approved and directed by the Board. In fiscal 1995-1996, six Vice Presidents managed the areas of Corporate Communications, Finance and Administration, Human Resources, Information Systems and Technology, Marketing, and Sales and Distribution.

## Headquartered in Sault Ste. Marie,

the OLC also has administrative offices and a prize office in Toronto. In addition, there are six regional sales centres.

In 1995-1996, the OLC employed approximately 800 people across Ontario and offered 10 lottery games: LOTTO 6/49, ENCORE, LOTTO SUPER 7, LOTTARIO, PICK-3, WINTARIO, INSTANT, OVER/UNDER, PRO•LINE and CELEBRATION™. OVER/UNDER AND PRO•LINE are SPORT SELECT games.

The **OLC partners** with the retail trade in the sale of lottery products to consumers. More than 11,600 independent retailers across the province sell lottery products. About 7,700 of those retailers are connected to the OLC on-line gaming network, the sixth largest

lottery network in North America. In 1995-1996, retailers earned more than \$145.3 million in sales and bonus commissions.

Our retailers served more than half the adult population (18+) in Ontario on a regular basis. In 1995-1996, OLC sales were more than \$2.1 billion. Almost 97 per cent of the OLC's revenue is returned to the people of Ontario in the form of prizes, retailer commissions, and the purchase of goods and services by the Corporation.





## FINANCIAL HIGHLIGHTS

**Cash payments to the Province of Ontario** in 1995-1996 were \$674.6 million, **exceeding 1994-1995 by \$73 million.**



**Annual sales passed \$2 billion** for the first time in the Corporation's 21-year history.

**Sales of \$2.1 billion** were \$176.7 million higher than in 1994-1995.

**Prizes of \$1.1 billion** represented 51.3 per cent of cash sales.

**Operating expenses** were held at 5.7 per cent of cash sales.

**96.8 per cent** of sales revenue was returned to the Ontario economy.

**The new INSTANT product, INSTANT KENO,** returned sales of \$112.6 million, 50.1 per cent over budget.

**Total profits** available to the Province of Ontario were the highest ever at \$665.2 million, an increase over 1994-1995 of \$51.4 million.

## OPERATIONAL HIGHLIGHTS

**The OLC's New On-line System Project**, one of the most sophisticated gaming systems in North America, provides increased game capacity as well as much improved delivery times for new products. Associated business system changes improved work flow and increased efficiency.

**The On-line Prize Redemption System** increased the security of ticket redemption and resulted in cost-savings for on-line retailers and the OLC.

**A Business Process Improvement Project** was undertaken to identify and map OLC processes. Areas where potential process improvement opportunities and efficiencies may exist were identified and will be further analyzed in fiscal 1996-1997.

**The annual OLC business plan** has been revised to reflect such measures as the ratio of net profit to sales and other appropriate criteria to measure efficiency and cost-effectiveness in addition to traditional measures related to sales.

## HIGHLIGHTS

1995-1996 1994-1995

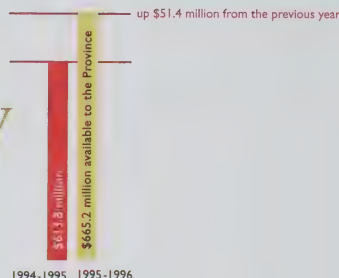
*In millions of dollars, unless otherwise stated*

Cash Sales	\$2,118.4	\$1,941.8
Prizes	1,087.2	958.1
Commissions	145.3	132.2
Gross Profit Margin	37.7 %	39.5 %
Net Profit Margin	30.6 %	32.3 %
Profits Available for Province of Ontario	\$665.2	\$613.8
Number of Games	10	10

Decrease in gross profit margin and net profit margin is primarily the result of higher prizes. Support from unclaimed prize funds for prizes decreased \$12.3 million in 1995-1996 to \$11.1 million.

The mandate of the Board of Directors is to establish policy for the Ontario Lottery Corporation consistent with government priorities and directives. In fiscal 1995-1996, we set new standards in performance, efficiency and profitability to reflect government's drive to increase revenues and efficiency.

## New standards in performance, efficiency and profitability



**Government today** is rightly demanding that all of its ministries and agencies adhere to the most rigorous standards of sound business practice. In fiscal 1995-1996, the OLC demonstrated that proficiency and profitability are terms that can – and should – be woven into the fabric of public enterprise.

**An Operational Agency Review** was conducted by the Ministry of Economic Development, Trade and Tourism in fiscal 1995-1996. The objective was to look at cost-saving measures for 1996-1997, and to assess the OLC's accountability to government. The review concluded that the OLC's proactive cost-saving initiatives had already recognized or realized many of these opportunities and that the Corporation was in line with the government's fiscal expectations. Nevertheless, the review was able to identify some additional opportunities for increased efficiency, which are being addressed.

**Specifically**, this year, we strove to increase productivity through the dual strategy of reducing costs while increasing sales.

**In this** context, I am pleased to report a record-breaking year for the OLC.

**Working with** more than 11,600 independent retailers, the Corporation achieved its highest sales ever – more than \$2.1 billion, up from \$1.9 billion in 1994-1995. The OLC made \$665.2 million available to the provincial government in 1995-1996, up \$51.4 million from the previous year.

**This financial milestone** underscores the OLC's firm commitment to maximize its financial return to the people of Ontario.

**Several factors contributed** to our higher than anticipated sales as INSTANTS, SPORT SELECT, LOTTO SUPER 7, ENCORE and PICK-3 outperformed 1994-1995 sales.

**Overall, on-line sales increased** 3.2 per cent over 1994-1995 and were 1.7 per cent more than anticipated. SPORT SELECT sales jumped 25.3 per cent to \$261.9 million. LOTTO SUPER 7 sales improved and in mid-March ENCORE's sale rate was the best ever reaching 52 per cent of LOTTO 6/49 transactions.

**Overall, off-line sales jumped** 15.2 per cent in 1995-1996 – 9.5 per cent more than anticipated – bringing in \$658.9 million. INSTANT BINGO

performed extremely well garnering \$234.6 million.

**Of the three new products** launched in 1995-1996, \$10 WINTARIO 20TH ANNIVERSARY, WINTARIO CLASSIC and INSTANT KENO, INSTANT KENO proved to be the brightest performer, contributing more than \$112.6 million in sales.

**The OLC's record** performance in 1995-1996 also fittingly coincided with the conclusion of our 20th anniversary celebrations. Events, including a live television draw, were organized throughout 1995 to recognize the OLC's service to the government and people of Ontario.

**Our commitment** today is to build on that record of public service by providing enhanced products, further increasing operational efficiency, and maintaining the highest standards of integrity and social responsibility.

**In the area** of social responsibility, the OLC continued to be involved in two major social issues in fiscal 1995-1996 – protection of minors and problem gambling.

**The Ontario Lottery Corporation Act** prohibits the sale of lottery tickets to persons under the age of 18 or anyone acting on their behalf. We remain vigilant in investigating allegations of lottery ticket sales to minors. In fiscal 1995-1996, 10 retailers had their authorization to sell lottery tickets revoked as a result of selling to persons under 18 years of age.

**The issue** of problem gambling was identified as one of our social responsibility priorities. We have met with treatment organizations, other Ontario government agencies in the gaming industry and the Ministry of Health to discuss approaches to deal with this issue. In 1995-1996, the Board of Directors approved the development of an education and awareness program, to be established in 1996-1997.

**The OLC also** took measures this year to improve the delivery of information to government by increasing the role of the Board and Executive in the information exchange process.

**As I begin** my fifth year as Chair, I would like to thank my fellow Board members for their sound support and advice during this most recent, prosperous year.

**We welcomed** Robert S. K. Welch, of Niagara-on-the-Lake, to the Board in fiscal 1995-1996, and said good-bye to four members who retired from the Board – Anne B. Bender of Mississauga, Gary S. Dibb of Toronto, Loreen Gilmour of Ottawa and Robert E. Redgwell of London. They leave us knowing that the current strength and continuing success of the OLC stands as a lasting tribute to their efforts.

**I would** be remiss if I did not also make special note of the steadfast dedication and support of the Executive and staff of the OLC whose contributions were essential to our success in 1995-1996.

**The year ahead** will undoubtedly be even more challenging. Continuing fiscal restraint will require us to hone our administrative skills to an even finer edge, while growing competition in the gaming market will put equal pressure on our creative talents. In 1996-1997, we will be seeking innovative ways to retain – and even improve upon – our share of the gaming dollar. Based on past experience, I have no doubt the challenge will be met.



Dr. Frederick Griffith  
Chair

## The Ontario Lottery Corporation met the challenge of change on several fronts in 1995-1996.

**Faced with government restraint**, we replied with greater efficiencies. Faced with a more competitive market, we replied with record profits. Faced with the need for innovation and organizational renewal, we replied with several cost-effective operational initiatives.

**The New On-line System Project** was successfully launched in June 1995 and heightened the OLC's efficiency by automating business processes and improving our ability to introduce new games and enhance existing products.

**Another technological improvement** was the introduction of the On-line Prize Redemption System. The program allows on-line retailers to redeem tickets automatically and destroy the tickets. The new system provides improved accounting procedures and increased security for retailers while reducing costs.

**We also made great strides** with our Business Process Improvement (BPI) Project, a corporate-wide initiative to ensure the OLC is operating its business in the most efficient manner possible. BPI identified areas where potential efficiencies might exist. In 1996-1997, we will engage in a more detailed review of specific areas to identify and implement any changes possible to increase efficiency.

**Most significantly**, perhaps, this was also the year the OLC solidified its reputation as an efficient, expert service-provider for gaming industry operations. In fiscal 1995-1996, we were invited by the Western Canada Lottery Corporation (WCLC) to submit a proposal to provide lottery services in the provinces of Manitoba, Saskatchewan, Alberta and the two Territories. Our proposal was subsequently accepted, and negotiations to undertake this project have commenced. There are great benefits to working cooperatively. We believe the larger marketplace will lead to economies of scale that could reduce operating costs and increase revenue for the OLC and the WCLC.

**Faced with changes** in the gaming market, and recognizing that solid research is the cornerstone of any long-term building, the OLC initiated a Gaming and Entertainment Opportunities Study in 1995-1996. This study will allow us to determine a product development strategy that will lead us into the next millennium. Consumer research was also undertaken to obtain feedback on various aspects of the Corporation's activities. This vital information will provide a firm, factual foundation for the future growth of the Corporation.

The OLC solidified  
its reputation as an efficient,  
expert service-provider  
for gaming industry operations.



**The gaming market** is changing – and is about to change even more dramatically in the years to come as new technology opens up a whole new vista of gaming options.

**To maintain and enhance** our position in the traditional gaming market, we plan to launch gaming initiatives that respond to changing player preferences.

**Most importantly**, perhaps, in the longer run, we intend to develop new revenue-producing opportunities in the non-traditional gaming market. In the next few years, technological innovation will create a veritable explosion in entertainment options. Many opportunities for the OLC exist in this emerging marketplace.

**All of these** opportunities must be explored if we are to fulfil the role the government expects of us.

**OLC goals** cannot be achieved, of course, without a talented and dedicated work force. I take this opportunity to thank staff for a job well done. I also wish to make special mention of the four task forces established as a result of the 1994 *Employee Attitude Survey*: Cross-training, Flexible Work Hours/Compressed Work Week, Health and Lifestyle Benefits, and Promotion and Development. Staff contributed significantly to identifying ways to improve the workplace, and we are making changes that will benefit both the employee and the employer.

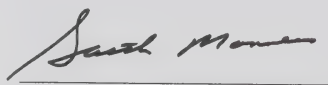
**Staff have also contributed** to their community by volunteering for such activities as the provincewide United Way Campaign, Toronto's Federated Health Campaign and Sault Ste. Marie's Ontario Winter Carnival Bon Soo. They have also played a pivotal role on our Environmental Task Force. Employees throughout the Province have taken part in several workplace and off-site environmental actions. These include

a variety of recycling projects, as well as participation in the Adopt-A-Highway program.

**Such staff commitment** will become increasingly important as we look to the future with an Ontario gaming market that is becoming more saturated and more competitive each year. In order to maximize revenues to the Government of Ontario, we need to further increase our organizational efficiency, heighten our spirit of innovation, and accelerate our response time to rapidly changing conditions.

**Our function** as a revenue-producing public enterprise places a particular responsibility on us to assist the government in its deficit-reduction strategies.

**It is a responsibility** we accept with enthusiasm and will carry with confidence in the year ahead.



Garth Manness  
President

IN BUSINESS FOR ONTARIO...

## Setting the standards for success

In fiscal 1995-1996, several initiatives were taken to achieve OLC goals of improved sales, improved efficiency and improved contribution to Ontario. We met demanding financial targets throughout the year to improve profits for the Government of Ontario. All key financial targets were reached or exceeded. The OLC's net income was \$21.6 million greater than in 1994-1995 and was \$40.9 million more than anticipated.

### ACHIEVING OUR FINANCIAL OBJECTIVES

The OLC enjoyed a record year in 1995-1996 – for the first time in its history breaking the \$2 billion mark in sales. **Sales** of \$2.1 billion were \$68.4 million over budget and \$176.7 million over 1994-1995 sales.

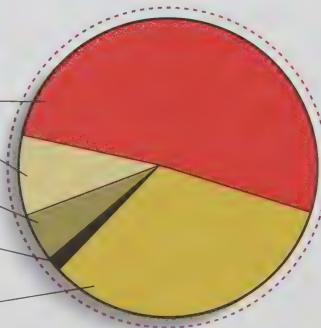
In 1995-1996, the **Prize** expense was \$1.1 billion, or 51.3 per cent of cash sales, compared with \$958.1 million, or 49.3 per cent last year. This increase was anticipated as a consequence of a planned reduction in the level of support from unclaimed prize funds from \$23.4 million in 1994-1995 to \$11.1 million in 1995-1996.

While **Other Direct Expenses** typically vary according to sales activity, such costs were held to 11 per cent of cash sales in 1995-1996 despite increased sales. This percentage was better than anticipated and slightly better than the 1994-1995 rate.

The **Contribution Margin**, at \$797.9 million, was \$29.7 million better than anticipated, and \$30.3 million more than last year. The **Contribution**

### DISTRIBUTION OF SALES

Prizes	51.3 %
Other Direct Expenses	11.0 %
Operating Expenses	5.7 %
Other Expenses (Net of interest income)	1.4 %
Net Income	30.6 %



## REVENUE AND EXPENSES

	1995-1996 Actual		1995-1996 Objective		1994-1995 Actual	
	\$ millions	% of sales	\$ millions	% of sales	\$ millions	% of sales
Cash Sales	2,118	100.0	2,050	100.0	1,942	100.0
Prizes	1,087	51.3	1,052	51.3	958	49.3
Other Direct Expenses	233	11.0	229	11.2	216	11.1
Contribution Margin	798	37.7	769	37.5	768	39.5
Operating Expenses	120	5.7	128	6.2	111	5.7
Operating Income	678	32.0	641	31.3	657	33.8
Other Income and Expenses	30	1.4	33	1.6	30	1.5
Net Income	648	30.6	608	29.6	627	32.3
<b>Net Income Available to Province</b>	<b>665</b>	<b>31.4</b>	<b>624</b>	<b>30.4</b>	<b>614</b>	<b>31.6</b>

**Margin** rate was 1.8 per cent less than the rate realized in 1994-1995. This decrease was caused primarily by the higher **Prize** expense resulting from reduced support from the unclaimed prize fund.

**Operating Expenses** at \$120.2 million were \$7.3 million less than budgeted and, while they were \$9.2 million greater than last year, they were held at 5.7 per cent of cash sales. During 1995-1996, expenditure budgets were reviewed with the objective of minimizing costs and maximizing profitability. As a result, measures were undertaken that created savings from anticipated levels for 1995-1996. Further savings will be realized from these measures in the next fiscal year.

## MEASURES OF SUCCESS

**Information-gathering systems** were implemented to monitor media trends, customer satisfaction, public opinion about gaming issues, and issues and concerns raised by Members of Provincial Parliament. In addition to its ability to respond swiftly to fast-breaking issues or concerns, the OLC is now assisted in its longer-range planning by a quarterly review that provides valuable business data.

The **Operating Income** was \$37 million better than anticipated and \$21.1 million more than 1994-1995.

**Other Income and Expenses** include interest income earned on cash balances and the payments made to the Government of Canada on behalf of the Province of Ontario, as well as the Goods and Services Tax. Interest income was greater than budgeted, as a result of higher

than projected interest rates during the year.

The combination of increased cash sales and successful cost-reduction efforts made a positive impact on the bottom line with **Net Income** rising to \$648.2 million, \$40.9 million better than budgeted and \$21.6 million more than in 1994-1995. In 1995-1996, the OLC's per capita contribution to the Province of Ontario was \$57.82, compared to \$56.66 the previous year.

**Net Income Available to the Province of Ontario** is the Net Income adjusted for depreciation expense and capital expenditures. In 1995-1996, the net income available to the Province exceeded the previous year by \$51.4 million, or 8.4 per cent.

**Our player population** of adults who usually play within any two-month period remains strong as a percentage of the Ontario adult population. This year we set a target of 53 per cent, which we exceeded by hitting the 58 per cent mark. In 1994-1995, we reached 54 per cent. Our target for 1996-1997 is 57 per cent.

**Adult per capita sales** rose from the 1994-1995 level of \$231 to \$249 in 1995-1996, an increase of \$8 above our target. A further \$8 increase is targeted for 1996-1997.

**In a year** that included a major overhaul of the gaming system software, the on-line gaming system was available to our retailers 99.95 per cent of the time, an improvement on the four-year average for 1991-1995 of 99.93 per cent.

## MEETING OUR PROJECT OBJECTIVES

**The OLC completed several key initiatives in 1995-1996 designed to enhance the efficiency and profitability of the Corporation.**

### **New Product Launches**

Three new products were launched this year – the \$3 INSTANT KENO, the \$10 WINTARIO 20TH ANNIVERSARY product and the \$1 WINTARIO CLASSIC. INSTANT KENO captured \$112.6 million in sales, well exceeding expectations.

### **New On-line System Project (NOSP)**

Under NOSP, successfully launched in June 1995, the OLC redesigned computer software to accommodate new games, game enhancements and the business activities of the Corporation. These improvements, necessary for the OLC to remain competitive in the growing gaming market, were carried out without any inconvenience to our players.

**The OLC's survey** of our retail partners showed a 95 per cent overall retailer satisfaction with the service provided by the OLC, a rating nearly unchanged since 1993.

**Overall**, support for lotteries continues to be strong in Ontario with an acceptance level of 90 per cent among adults. Lottery players closely reflect the make-up of the adult population in Ontario. There is equal play across all demographic categories with slightly more middle income earners playing on a regular basis.

### **On-line Prize Redemption System (OPRS)**

Likewise, OPRS brought benefits to the Corporation, as well as to retailers and players. The new electronic INSTANT ticket redemption process provides faster and easier redemption of winning tickets at retail, and improves accounting procedures. The system allows the OLC to electronically audit winning tickets, in place of the manual audits that have been done in past years. Tickets electronically redeemed at retail are destroyed at the store and are no longer returned to the Corporation.

### **Office Automation**

Office automation was another technological task completed in 1995-1996. A document management pilot project was initiated and a link to the Internet was established for SPORT SELECT games.



## **Improve Retailer and Customer Satisfaction**

The objective of continually increasing retailer and customer service was further advanced by holding three regional and two provincial retailer council meetings. More than 12,000 retail staff were trained and a retail satisfaction survey was completed in March 1996.

## **INSTANT Ticket Production Process**

INSTANT ticket sales topped \$610 million in 1995-1996, a significant portion of the \$2.1 billion in total sales. As sales have increased, so have the number of games and the complexity of prize structures. In 1995-1996, the OLC initiated an INSTANT ticket review to streamline the production process for these INSTANT games. This was successfully completed, and the new INSTANT ticket production team will continue its work in 1996-1997.

## **Gaming Entertainment Opportunities Study**

Another major accomplishment of 1995-1996 was completion of the Gaming Entertainment Opportunities Study on potentials in the non-traditional gaming market. The study helps to set the foundation for OLC product development over the next five to 10 years.

## **Business Process Improvement (BPI) Project**

The BPI project was yet another key undertaking of 1995-1996. This corporate-wide examination of the OLC's operations was designed to ensure we are working in the most efficient and cost-effective manner possible. The objective is to make the best use of our resources to maximize our corporate earnings for the government. In 1995-1996, BPI identified several areas that might have potential for increased efficiencies. Those areas are being analysed in 1996-1997 and, if we find instances of duplication or other inefficiencies, appropriate action will be taken.

## **Improved Budget Process**

Administrative efficiency was also enhanced this year when a budget manual was developed and an improved budget process was used to set the 1996-1997 budget.

## **Media and Consumer Tracking**

New media and consumer tracking systems benchmark the OLC's ability to effectively convey key corporate messages to the public, and identify consumer issues and complaints.

## **20th Anniversary Celebrations**

A successful series of anniversary events, including a live television draw and the sale of the \$10 WINTARIO 20TH ANNIVERSARY ticket, highlighted our 20th anniversary celebrations.

## **Equal Opportunity Project**

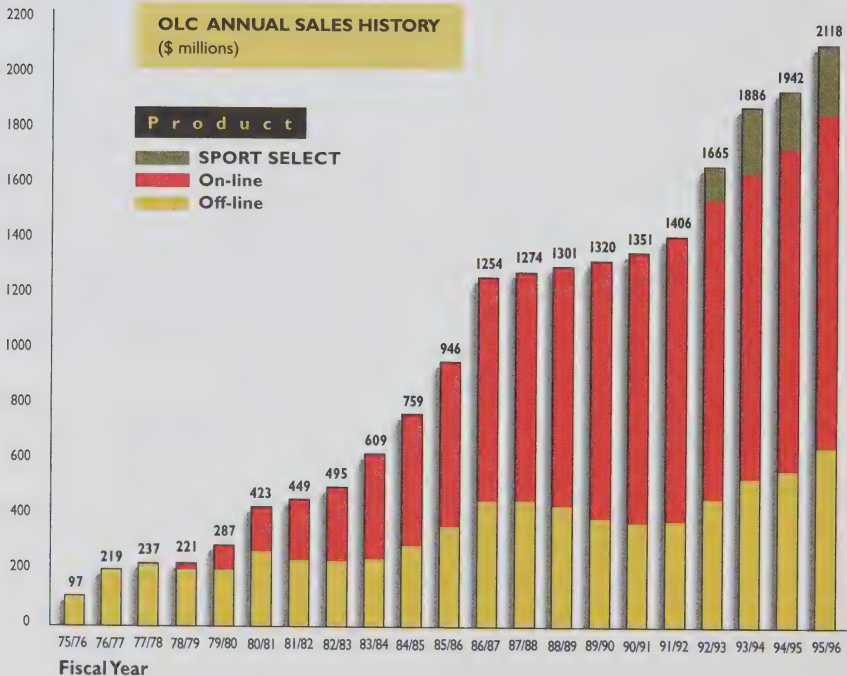
Equal opportunity is another issue directly related to corporate responsibility. In 1995-1996, the report of the Employment Equity Task Force was reviewed by the Executive Committee and related decisions communicated to all staff. The bulk of the recommendations were sound business propositions and are in the process of being implemented.

## **Social Responsibility Index**

Social responsibility continues to serve as one of our major corporate guideposts, and this year the OLC took the first step towards quantifying our success in this area. Work began on a Social Responsibility Index.

## Responding to our customers

Customer satisfaction with the OLC's products and service is ultimately reflected in sales figures. **The OLC has experienced continual sales growth** despite a maturing product line and increased competition from the charitable sector and casinos. **This history of growth culminated in record sales in excess of \$2.1 billion in fiscal 1995-1996.**



**Much of this success** is based on the Corporation's ongoing strategy of listening to players and introducing new gaming categories that respond to consumer preferences. Indeed, 1995-1996 saw growth in all three product categories over 1994-1995. On-line products rose from \$1,160.7 million to \$1,197.7 million, while off-line products rose from \$572 million to \$658.9 million. SPORT SELECT increased from \$209 million to \$261.9 million.

SALES BY CATEGORY	(\$000's)	
	1995-1996	1994-1995
On-line	\$ 1,197,651	\$ 1,160,740
Off-line	658,924	571,976
SPORT SELECT	261,853	209,039
<b>Total</b>	<b>\$2,118,428</b>	<b>\$ 1,941,755</b>

**Of the 10 traditional lottery games** operated by the OLC in 1995-1996, all but four – PRO•LINE, OVER/UNDER, WINTARIO and Special Event game CELEBRATION™ 96 – reached sales objectives.

**While LOTTO SUPER 7** made a slow start when it was launched in May 1994, it saw continued growth in 1995-1996 finishing with cash sales as projected.

**The percentage of consumers** saying “yes” to ENCORE increased its sales to exceed budget by \$8.7 million.

**While the budget** targets for LOTTARIO and PICK-3 recognized that these are mature products, this impacted sales less than anticipated, and both games exceeded budget by \$6.7 million and \$3.9 million respectively.

**Overall,** the INSTANT games in 1995-1996 exceeded budget by \$81.2 million. While the \$2 INSTANT game sales declined, this was

more than offset by the continued strength of the \$3 INSTANT BINGO sales and by the new \$3 INSTANT KENO released in April 1995. INSTANT BINGO sales were \$52.6 million over budget and INSTANT KENO sales exceeded expectations with actual sales of \$112.6 million, 50.1 per cent greater than target.

**WINTARIO sales** came in \$22.8 million below budget as consumer response to the \$10 WINTARIO 20TH ANNIVERSARY and the \$1 WINTARIO CLASSIC issues was not as strong as expected. The viability of continuing to offer WINTARIO will be examined in 1996-1997.

**Neither PRO•LINE** nor OVER/UNDER in the SPORT SELECT category reached target sales this year. In 1995-1996, through an agreement between the Province of Ontario and the National Basketball Association, professional basketball was removed from the game lists for these SPORT SELECT products. The impact of the decreased number of games due to this agreement was more significant than expected.

REVENUE BY GAME			
Sales – year ended March 31, 1996			
(\$ millions)	1995-1996 Actual	1995-1996 Objective	1994-1995 Actual
LOTTO 6/49	811	811	824
LOTTO SUPER 7	125	125	84
ENCORE	123	114	116
LOTTARIO	87	80	89
PICK-3	52	48	48
INSTANT	610	529	510
WINTARIO	44	67	56
CELEBRATION™ (Special Event)	4	6	6
PRO•LINE	185	190	173
OVER/UNDER	77	80	36
<b>Total</b>	<b>2,118</b>	<b>2,050</b>	<b>1,942</b>

## To provide responsible gaming

In Ontario and Canada, public opinion research has shown that government-run gaming operations enjoy a reputation for integrity.

**Public support** for lotteries stands close to 90 per cent and has for a number of years. Maintaining and enhancing that reputation is one of the Ontario Lottery Corporation's major objectives.

**In recent focus group** research on social responsibility in a gaming marketplace, the public gave the OLC high ratings on factors it deemed important in a gaming organization: honesty, helping to raise money for important projects, efficiency, care that products are sold responsibly, providing jobs and economic benefits, and offering good games.

**Several practices and policies** have been implemented to maintain the integrity of the OLC. For example, to protect winners' privacy, employees sign a confidentiality oath. The OLC also has an insider win policy requiring an internal audit if an employee or someone closely affiliated with the OLC wins \$10,000 or more on an OLC game. The audit is undertaken to ensure privileged information could not have been a factor. It is paramount that the Corporation be perceived by the public of Ontario as ensuring the utmost integrity in the conduct of its lottery games, and that no unfair advantage is gained by any individual who is directly or closely affiliated with the conduct of the Corporation's games.

**The OLC also** works very closely with retailers to maintain game integrity, particularly in the area of preventing sales to minors. Provincial

legislation prohibits the sale of lottery products to persons under 18 years of age. In fiscal 1995-1996, after careful investigations, 10 retailers who sold tickets to persons under 18 years of age lost their authorization to sell OLC products as a consequence.

**To maintain games security**, the OLC's on-line gaming system is independent of its business system. As well, the off-line ticket system contains specific technology to prevent fraud and to ensure the integrity of the products.

**Occasionally**, attempts are made to defraud the OLC. For example, at the OLC Prize Offices, investigations into 11 fraudulent tickets prevented the payout of \$557,820 in 1995-1996, compared to nine fraudulent claims worth \$2.3 million in 1994-1995. The OLC actively pursues prosecution of anyone attempting ticket fraud.

**In 1995-1996**, the OLC investigated 486 lost, stolen or questionable tickets. Of those, 47 per cent had sufficient validity to result in the claiming of a prize after detailed review.

**The OLC's crime prevention and apprehension** strategy also includes the sharing of information with security agencies across North America. The Corporation works proactively with the industry to identify and enhance product protection techniques, and co-operates fully with police in the investigation of criminal activities related to gaming products.



In addition, the OLC recognizes its broader **social responsibilities go beyond the formality of the law.**

In this regard, problem gambling has become a corporate priority. Although the number of compulsive gamblers represents a small portion of the public, those affected require assistance. In

addition to being a member of the Problem Gambling Committee of the Ontario Substance Abuse Council, the OLC provided a leadership role in 1995-1996 in bringing together treatment and gaming organizations to address the issue of problem gambling. In 1995-1996, the OLC Board of Directors approved the development of an education and awareness program, to be established in 1996-1997.

## IN BUSINESS FOR ONTARIO

# With efficient business practices

**The Ontario Lottery Corporation's** proactive initiatives targeting cost-effectiveness and efficiency dovetailed with the Government of Ontario's commitment to increasing the efficiency of public enterprises. The Corporation is following a dual strategy of reducing costs while increasing sales. Several operational changes contributed to this strategy in 1995-1996.

**The Business Process Improvement Project** was a major corporate-wide operational review that took place in fiscal 1995-1996, resulting in the identification of 22 recommendations where the potential for increased business process efficiencies may exist. A more detailed analysis of a number of these recommendations will be initiated during the 1996-1997 fiscal year. It is anticipated that this will result in additional process efficiencies being realized.

As well, the annual OLC business plan was revised to include appropriate reporting measures such as a consumer tracking system, in

addition to the traditional measures related to sales, to better assess the performance of the Corporation. In 1995-1996, the OLC addressed a declining profitability ratio. A careful review of costs and potential efficiencies was undertaken resulting in reduced costs of \$14.3 million against budget.

**Efficiencies in staff** complement were also achieved this year. The Corporation selectively filled vacant positions in 1995-1996 based on the changing needs of the Corporation. As a result, the number of full-time equivalent employees decreased from 853 to 837. Net profit per employee rose from \$734,552 to \$774,394.

**As a result of these increased efficiencies, reduced costs and maximized sales, the OLC increased its revenue to the Government of Ontario by \$51.4 million.**

## Developing a strong retailer network in Ontario

**Through its six sales centres**, the OLC works with more than 11,600 independent retail partners provincewide.

**The OLC supports** its retailer network with services such as retailer publications, merchandising and promotional programs. To help these retailers maximize their commissions, and our ticket sales, the OLC provides training in product knowledge, sales operations and promotions. In 1995-1996, 12,369 retailers and their staff were able to provide improved customer service as a result of the OLC training program.

**A recent survey** of our 11,685 independent retail partners indicated that 95 per cent were satisfied overall and 55 per cent were "very" satisfied with OLC service. Also, 88 per cent of survey respondents believed lottery sales to be a benefit to their business. Retailer satisfaction with the information they received about new games and programs ranged from 79 per cent for the introduction of INSTANT KENO to a high of 96 per cent for the introduction of bar code readers.

**As well**, fiscal 1995-1996 saw the OLC continue its efforts to assist our corporate retail partners in developing programs specifically designed to meet their needs and to ensure consistent delivery of sales services. According to the Vice President of Store Development for Shoppers Drug Mart: "The OLC partnership has been a real

success in our stores. They have helped us develop a program that meets our needs and has had a positive impact on traffic and sales."

**In addition**, the OLC and other North American lotteries are working with the National Association of Convenience Stores to examine the profitability of lotteries within the convenience store industry.

**The OLC's retailer network is also supported by six regional retailer councils and by one provincial council.**

**These councils** are an important component of the OLC's commitment to providing excellent retailer service. They include representation from our independent and corporate chain retailer partners, and provide forums that allow us to discuss our business plans and obtain feedback. Such input, for example, was vital in helping us review the mechanics of the On-line Prize Redemption System before rolling it out.

**In 1995-1996**, the OLC was visited by delegations from other North American and overseas lottery jurisdictions. The OLC's retailer program introduced the visitors to our successful lottery retail practices.

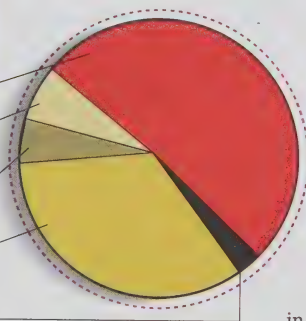
# Working with the private sector

**Forming profitable partnerships** with the private sector is important to the Ontario Lottery Corporation.

**The OLC outsources** a considerable amount of its business, from advertising to software development to research. Approximately \$285 million in 1995-1996 was spent with the private sector. This represents about 87 per cent of total expenditures.

## 96.8% OF OLC REVENUE IS RETURNED TO THE ONTARIO ECONOMY

Prizes to winners	51.3 %
Goods and Services Purchased in Ontario	7.2 %
Retailer Commissions and Bonuses	6.9 %
Profits Available to Province	31.4 %
Other	3.2 %



**In 1995-1996, 96.8 per cent of OLC cash sales was put back into the Ontario economy** in the form of prizes, retailer commissions, purchases of goods and services, and revenue to the Government of Ontario.

The OLC spent \$153.4 million – or 7.2 per cent – on goods and services purchased in Ontario. This includes on-line terminal maintenance, advertising and promotion, ticket supplies, salaries and benefits, administrative expenditures, software purchase and development, and equipment purchase, lease and maintenance.

**As well,** the OLC paid \$67.3 million – or 3.2 per cent – in payments to the Government of Canada, and purchases of goods and services outside of Ontario.

**In fiscal 1995-1996,** our 11,685 retail partners received commissions totalling more than \$145.3 million – or 6.9 per cent. Average annual retailer commissions rose from \$11,593 in 1994-1995 to \$12,434 in 1995-1996.

**OLC players won almost \$1.1 billion** in prizes. There were 1,337 major winners (\$10,000 or more) in 1995-1996, winning a total of \$251.2 million, about three per cent more than the \$244.4 million in major prizes paid out in 1994-1995. Big winners usually inject much of their money back into the economy by sharing money with friends and family, or purchasing big-ticket items such as cars or homes. Some major winners invest their money and become job-creating entrepreneurs.

**The OLC generated** \$665.3 million – or 31.4 per cent of revenues – for the Consolidated Revenue Fund in this fiscal year.

# Focusing on the future

The Ontario Lottery Corporation has developed a three-pronged strategy to support the Government of Ontario's goals of maximizing government revenues from gaming, maximizing private sector participation and streamlining government enterprises for greater efficiency.



**The first step is to maximize revenue in what we call traditional lotteries, such as new on- or off-line lottery products, while striving to be as efficient as possible by reducing expenditures.**

**Examples of new** traditional lottery products include DAILY KENO, launched in April 1996, and POINT SPREAD, an addition to the SPORT SELECT line, scheduled for an August 1996 launch. The ongoing work of the Business Process Improvement operation within the Corporation will help us identify further efficiencies to reduce expenditures. As well, the Operational Agency Review conducted by the Ministry of Economic Development, Trade and Tourism identified some additional opportunities for increased efficiency.

**Financially, the intention next year** is to increase cost savings while still increasing the Net Income

**Available to the Province.** The OLC is targeting a reduction of \$5 million in Other Direct Expenses which, combined with increased Cash Sales minus Prizes, will result in an improvement in the Contribution Margin by \$20 million. Operating Expenses are targeted to drop by \$15 million which, combined with the improvement in the Contribution Margin, will improve the Net Income Margin from 30.6 per cent to 31.8 per cent. Net Income Available to the Province is projected to increase by \$37 million.

## KEY FINANCIAL OBJECTIVES FOR 1996-1997

	1995-1996 Actual		1996-1997 Objective	
	\$ millions	% of sales	\$ millions	% of sales
Cash Sales	2,118	100.0	2,145	100.0
Prizes	1,087	51.3	1,099	51.2
Other Direct Expenses	233	11.0	228	10.6
Contribution Margin	798	37.7	818	38.1
Operating Expenses	120	5.7	105	4.9
Operating Income	678	32.0	713	33.2
Other Income and Expense	30	1.4	31	1.5
Net Income	648	30.6	682	31.8
Net Income Available to Province	665	31.4	702	32.7



2

The second step in our three-pronged strategy will be to expand

our business into other traditional lottery products.

**This market includes** existing activities or logical extensions of existing activities. For example, the OLC is in the process of developing working relationships with the charitable sector and the private sector bingo halls in an effort to develop mutually beneficial gaming opportunities. This could increase revenues for the Government of Ontario.

3

The third step of our strategy will be to move into the

non-traditional gaming entertainment field.

**The OLC completed** a Gaming and Entertainment Opportunities Study this past year to test a number of gaming entertainment concepts with the public to see which were popular, and with what demographic segments. This research has given us valuable information to begin developing new business concepts. The OLC's ability to create a gaming entertainment niche in this overall entertainment market will help determine growth opportunities and protect the government's future gaming revenues.

The following business initiatives for 1996-1997 highlight ways the OLC can maximize revenues, maximize private sector participation and streamline operations for great efficiencies.

#### OLC INITIATIVES IMPACTING ON 1996-1997

Several key initiatives announced or carried out in calendar 1995 or 1996 will have a significant impact on the OLC in fiscal 1996-1997.

**The Government of Ontario** announced in May 1996 its intention to implement video lotteries and instructed the OLC to manage that implementation.

**The Western Canada Lottery Corporation** announced in February 1996 that it would negotiate with the OLC for the provision of

lottery services in Western Canada. Negotiations are continuing. Any agreement would be subject to government approval.

**The Business Process Improvement** operation will continue and further improve the OLC's cost-effectiveness and efficiency.

**A number** of new games are under way including the development of the SUPERSTAR BINGO co-operative venture with charities and the bingo hall operators.

**Express Play**, a convenient new way to purchase Quick Picks for LOTTO 6/49, ENCORE, LOTTO SUPER 7 and LOTTARIO at supermarket check-

out lanes, will be expanded. A new distribution methodology for Express Play will be initiated and different types of terminals tested.

**As the OLC looks to the next century**, the external gaming market and ongoing technology developments will help define future initiatives.

## THE GAMING MARKET

**The gaming market** in Ontario includes bingos, monte carlos, raffles, break-open tickets, horse racing, casinos and lotteries. Other competitors in the gaming market are unauthorized gaming products, including grey machines, gaming parlors, sports bookies or local table games.

**Casinos are the next** largest gaming contributor to the provincial treasury after the Ontario Lottery Corporation. With the announcement of the Windsor casino moving to a larger permanent site in 1997, the opening of a casino in Orillia in

1996 and with the approval of a casino in Niagara Falls, the revenue generated by casinos will increase substantially in the near future.

**During the past** few years, break-open tickets have been one of the fastest-growing gaming products in Ontario. It is speculated that this product will continue to grow in the near future before sales level off within the next three years. This product competes with some of the OLC's off-line products.

## TECHNOLOGY TRENDS

**Technology is providing** businesses with the ability to gain direct access to customers. Customers, in turn, are realizing greater choice in the types of services available from a greater number of providers around the world.

**Although these developments are occurring on a small scale today, issues such as privacy, education and government's role will have to be addressed** as this technology trend increases.

Efforts are already under way to address technical challenges including developing electronic commerce and payment systems such as cash cards and anonymous digital cash. Moreover, the electronic media and devices used for commerce are becoming more secure against privacy violation, security breaches and tampering.

**Today, people already interact** with each other globally through the Internet. It currently connects more than 30 million people around the world and is growing in subscribership by seven to 10 per cent a month. With the broad introduction of easy-to-use access tools, this global network of interconnected computers is being expanded from a medium of information exchange to an electronic tool for commerce. While consumers and businesses benefit from this transformation, it does create problems for regulators. In gaming, for example, there are numerous play options for consumers on the Internet ranging from slot machines to foreign government-sponsored lotteries and casinos. Meanwhile, governments are facing weaker regulatory influence because enforcement of domestic restrictions is almost impossible on the borderless Internet.

**These opportunities** and issues on the Internet are only a precursor for what is to come. Outside the home, there will be an increasing array of entertainment options. There will be an increase in the introduction of electronic games in bars and taverns. We could see the introduction of entertainment malls, virtual reality parks or arcades and, in movie theatres, there may be an increase in the availability of interactive movies.

**While the potential to explore these opportunities will also be available to competitors, advances in technology will provide different distribution channels and new products for the OLC.**

## 10-YEAR REVIEW

(in millions of dollars)

	1986- 1987	1987- 1988	1988- 1989	1989- 1990	1990- 1991	1991- 1992	1992- 1993	1993- 1994	1994- 1995	1995- 1996
Sales	1,254.4	1,273.9	1,300.6	1,319.6	1,350.8	1,406.3	1,665.3	1,886.1	1,941.8	2,118.4
Prizes	591.4	598.0	608.3	619.4	639.9	674.2	808.8	941.5	958.1	1,087.2
Net Income*	458.7	471.1	484.1	491.8	468.1	460.3	569.7	602.5	626.6	648.2
Number of Games	6	6	7	8	9	9	9	9	10	10

\*Net Income for 1991-1992 (and subsequent fiscal years) reflects the change in accounting policy to capitalize fixed assets on acquisition.

Prior periods have not been adjusted as the information is not readily available.

## EMPLOYEES PAID \$100,000 OR MORE IN 1995\*

Name	Position	Salary	Taxable Benefit
Garth K. Manness	President	\$ 133,948.33	\$ 13,782.84
Earl T. Dalton	Vice President, Finance and Administration	\$ 111,710.46	\$ 8,168.48
George T. Koutris	Vice President, Sales and Distribution	\$ 111,320.40	\$ 2,591.83
Joseph R. St-Amour	Project Manager, Business Process Improvement	\$ 105,396.64	\$ 270.42
Philip E. Rowlett-Smith	Vice President, Marketing	\$ 111,320.40	\$ 9,123.36
Thomas D. McGee	Vice President, Information Systems and Technology	\$ 109,446.84	\$ 11,043.96

\* Prepared under the Public Sector Salary Disclosure Act, 1996



**ONTARIO LOTTERY CORPORATION  
MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL REPORTING AND  
INTERNAL CONTROL**

The **Ontario Lottery Corporation's financial statements** are the responsibility of management and have been prepared in accordance with generally accepted accounting principles. The preparation of the financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current period cannot be finalized with certainty until future periods. The financial information throughout the text of this *Annual Report* is consistent with the information presented in the financial statements.

In meeting its responsibility for the reliability and timeliness of financial information, management has developed and maintains comprehensive internal accounting, operating and systems controls. These controls are designed to safeguard the Corporation's assets and maintain accountability for their use, and ensure compliance with regulatory requirements.

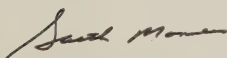
An internal audit function independently evaluates the effectiveness of these controls on an ongoing basis and reports its findings to management and the Audit committee of the Board of Directors. In addition, the Corporation employs external consultants who advise both management and the Board of Directors on the reliability and integrity of the Corporation's gaming and gaming support systems.

The Board of Directors oversees management's responsibilities for financial reporting and internal control through the Audit committee. This committee reviews with management and the Provincial Auditor the content and format of the Corporation's financial statements and the adequacy of the Corporation's internal control before recommending approval to the Board of Directors.

The financial statements have been audited by the Provincial Auditor who was appointed pursuant to the *Ontario Lottery Corporation Act*. The Auditor's report, which follows, outlines the scope of the Provincial Auditor's examination and opinion.

The Provincial Auditor, the Corporation's internal auditor and the external consultants reviewing our gaming systems have full and free access to the Audit committee to discuss their audits and related findings.

The Board of Directors, based upon the recommendations of the Audit committee, has reviewed and approved the financial statements for the fiscal year ended March 31, 1996.



Garth Manness, President



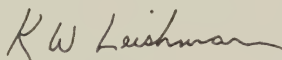
Tom Dalton, Vice President  
Finance and Administration

**To the Board of Directors of the Ontario Lottery Corporation and  
To the Minister of Economic Development, Trade and Tourism**

I have audited the balance sheet of the Ontario Lottery Corporation as at March 31, 1996, and the statements of operations, changes in amount due to (from) Province of Ontario and equity in fixed assets for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1996, and the results of its operations for the year then ended in accordance with generally accepted accounting principles.



K.W. Leishman, CA  
Assistant Provincial Auditor

Toronto, Ontario  
May 15, 1996

Office of the  
Provincial Auditor  
of Ontario



Bureau du  
vérificateur provincial  
de l'Ontario

ONTARIO LOTTERY CORPORATION

**BALANCE SHEET**

as at March 31, 1996  
(in thousands of dollars)

	1996	1995
<b>Assets</b>		
Cash	29,594	45,161
Prize funds on deposit	67,222	57,582
Due from Interprovincial Lottery Corporation	—	1,883
Accrued interest	907	1,642
Accounts receivable	18,454	14,736
Due from Province of Ontario	3,683	—
Prepaid expenses	14,032	16,992
Fixed assets (note 4)	91,516	108,587
	<b>225,408</b>	<b>246,583</b>

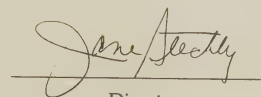
**Liabilities and Equity**

Accounts payable and accrued liabilities	54,403	43,214
Prize money unclaimed	67,222	57,582
Due to Province of Ontario	—	5,628
Due to Interprovincial Lottery Corporation	2,164	—
Due to Government of Canada	2,247	2,048
Deferred income	7,856	29,524
Equity in fixed assets	91,516	108,587
Commitments (note 5)		
Subsequent Event (note 8)		
	<b>225,408</b>	<b>246,583</b>

See accompanying notes to financial statements.

On behalf of the Board:

  
Director

  
Director

ONTARIO LOTTERY CORPORATION

STATEMENT OF OPERATIONS

for the year ended March 31, 1996  
(in thousands of dollars)

	1996	1995
<b>Sales</b>	2,118,428	1,941,755
<b>Direct expenses</b>		
Prizes	1,087,190	958,060
Commissions	145,294	132,223
Brand marketing	24,429	27,173
Ticket printing and terminal operation	50,740	45,862
Depreciation - direct	12,861	10,798
	1,320,514	1,174,116
<b>Sales less direct expenses</b>	797,914	767,639
<b>Operating expenses</b>		
Administration and other	106,295	102,227
Depreciation - indirect	13,927	8,809
	120,222	111,036
<b>Income from operations</b>	677,692	656,603
Other income (expense):		
Interest income	8,452	7,496
Payments to Government of Canada (note 7)	(37,976)	(37,526)
	(29,524)	(30,030)
<b>Net income</b>	648,168	626,573

See accompanying notes to financial statements.



ONTARIO LOTTERY CORPORATION

**STATEMENT OF CHANGES IN DUE TO (FROM) PROVINCE OF ONTARIO**

*for the year ended March 31, 1996*  
*(in thousands of dollars)*

	1996	1995
Balance, beginning of year	5,628	(6,609)
Add (deduct):		
Net income	648,168	626,573
Depreciation	26,788	19,607
Capital expenditures	(9,717)	(32,359)
	665,239	613,821
	670,867	607,212
Payments to Province of Ontario	674,550	601,584
<b>Balance, end of year</b>	<b>(3,683)</b>	<b>5,628</b>

*See accompanying notes to financial statements.*

ONTARIO LOTTERY CORPORATION

**STATEMENT OF EQUITY IN FIXED ASSETS**

*for the year ended March 31, 1996*  
*(in thousands of dollars)*

	1996	1995
Balance, beginning of year	108,587	95,835
Add: Capital expenditures	9,717	32,359
Deduct: Depreciation	26,788	19,607
<b>Balance, end of year</b>	<b>91,516</b>	<b>108,587</b>

*See accompanying notes to financial statements.*

ONTARIO LOTTERY CORPORATION  
**NOTES TO FINANCIAL STATEMENTS**

March 31, 1996

**1. Nature of the Corporation**

The Ontario Lottery Corporation was incorporated without share capital on February 6, 1975, pursuant to the *Ontario Lottery Corporation Act*. The Corporation is responsible for the conduct and management of lottery games in Ontario. The WINTARIO, LOTTARIO, INSTANT, ENCORE, PICK-3, PRO•LINE and OVER/UNDER lotteries are conducted solely by the Corporation, whereas, the LOTTO SUPER 7, LOTTO 6/49 and Special Events lotteries are joint undertakings by all Provinces acting through the Interprovincial Lottery Corporation.

**2. Significant Accounting Policies**

**(a) Basis of Accounting**

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles.

**(b) Fixed Assets**

Major capital expenditures with a future useful life beyond the current year are capitalized at cost and are depreciated on a straight-line basis according to their estimated useful lives, as follows:

Building .....	25 years
Furniture and fixtures .....	10 years
Leasehold improvements .....	5 years
Automotive .....	3 years
Merchandising equipment .....	3 years
Wagering terminals .....	7 years
Computer hardware .....	3 years
On-line system .....	5 years
System software .....	3 years

**(c) Prize Money Unclaimed**

Under the regulations of the act, unclaimed prize money from lotteries conducted solely by the Corporation is reserved and redistributed to the players through prizes and bonus draws.

**(d) Revenue Recognition**

Revenues for LOTTARIO, ENCORE, PICK-3, LOTTO SUPER 7, LOTTO 6/49 and Special Events are deferred on ticket sales and recognized when the draw takes place. For PRO•LINE and OVER/UNDER revenues are recognized when the ticket is sold to the consumer. Revenues for WINTARIO and INSTANT games are recognized when the ticket is distributed to the retailer.

ONTARIO LOTTERY CORPORATION  
**NOTES TO FINANCIAL STATEMENTS**

March 31, 1996

**3. Change in Accounting Policy**

During the year, the Corporation changed its method of recognizing revenues for WINTARIO and INSTANT games from recognizing revenues when the ticket is sold to the consumer to recognizing revenues when the ticket is distributed to the retailer. This change has not been applied retroactively because the change does not have a material effect on net income.

**4. Fixed Assets (in thousands of dollars)**

	1996		1995	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	260	—	260	260
Building	1,289	479	810	613
Furniture and fixtures	9,369	4,215	5,154	6,289
Leasehold improvements	2,501	1,852	649	1,382
Automotive	850	850	—	3
Merchandising equipment	7,462	4,432	3,030	3,015
Wagering terminals	65,813	23,904	41,909	51,480
Computer hardware	38,920	29,800	9,120	9,958
On-line system	35,181	5,276	29,905	32,848
System software	3,373	2,694	679	2,739
	<b>165,018</b>	<b>73,502</b>	<b>91,516</b>	<b>108,587</b>

**5. Commitments**

The Corporation has entered into several office space leases in various locations in Ontario. The future minimum lease payments are approximately as follows:

1997	\$3,860,000
1998	4,000,000
1999	4,096,000
2000	4,100,000
2001	4,100,000
	20,156,000
Thereafter	33,186,000
	<b>\$53,342,000</b>

The Corporation has purchase agreements with suppliers for ticket printing services and on-line supplies until September 30, 2001, for approximately \$40,974,000. In addition, the Corporation has a computer hardware and maintenance agreement with annual payments for each of the next three years approximately as follows:

1997	\$8,962,000
1998	2,394,000
1999	159,000

March 31, 1996

**6. Pension Plan**

The Corporation provides pension benefits for its permanent employees through participation in the Public Service Pension Fund established by the Province of Ontario. The Corporation's share of contributions to the Fund during the year was \$2,548,000 (1995 - \$2,596,000) and is included in Administration and other in the Statement of Operations. This amount includes current contributions and additional payments required to cover the Corporation's share of the Fund's estimated unfunded liabilities.

**7. Payments to Government of Canada**

The Corporation made the following payments to the Government of Canada (in thousands of dollars):

	1996	1995
Payment on behalf of the Province of Ontario	19,243	18,793
Goods and Services Tax	18,733	18,733
	<b>37,976</b>	<b>37,526</b>

**(a) Payment on behalf of the Province of Ontario**

The provincial lottery corporations make remittances to the Government of Canada under an agreement dated August 1979 made between the Provincial Governments and the Federal Government. The agreement stipulates that the Government of Canada will not participate in the sale of lottery tickets.

**(b) Goods and Services Tax**

Goods and Services Tax (GST) payments are made in accordance with a letter of interpretation issued by Revenue Canada to the various lottery jurisdictions in Canada whereby each provincial lottery corporation remits taxes under a specific formula on all expenditures, including retailer commissions and excluding payroll costs. This tax is in lieu of the collection of GST on lottery ticket sales to the consumer.

In addition, the Corporation also pays GST on its expenditures, excluding payroll costs and retailer commissions, at point of purchase. These payments are not recoverable and are included in the respective accounts.

**8. Subsequent Event**

Subsequent to March 31, 1996, the Minister of Finance announced in the Legislature that the Ontario Lottery Corporation will operate and manage a video lottery terminal network in Ontario that will generate up to \$60 million to the Province in the 1996-1997 fiscal year. In consultation with the Ontario Gaming Control Commission, the Corporation will develop an implementation plan to ensure the installation and expansion of the network proceeds with appropriate controls and regulatory provisions exist at each stage of the process.

**9. Comparative Figures**

Certain amounts at March 31, 1995, have been reclassified to conform with the financial statement presentation adopted at March 31, 1996.



## BOARD MEMBERS

Dr. Frederick Griffith  
Sault Ste. Marie, Chair  
(June 24, 1992 - Feb. 16, 1998)

Jane Stechly  
Mississauga, Vice Chair  
(June 6, 1991 - Feb. 16, 1997)

Thom A. Bennett  
Nepean, Director  
(May 15, 1996 - March 31, 1999)

Guy Cogan  
Toronto, Director  
(May 15, 1996 - March 31, 1999)

Elaine C. Foster  
Sault Ste. Marie, Director  
(May 15, 1996 - March 31, 1999)

Trevor Hendricks  
Mississauga, Director  
(March 24, 1994 - Feb. 16, 1997)

Kyung B. Lee  
Toronto, Director  
(Sept. 6, 1991 - Feb. 16, 1997)

Tom E. Reid  
Toronto, Director  
(June 12, 1996 - March 31, 1999)

Robert S. K. Welch  
Niagara-on-the-Lake, Director  
(April 27, 1995 - Feb. 16, 1998)

## EXECUTIVE COMMITTEE

Garth Manness  
President

Tom Dalton  
Vice President,  
Finance and Administration

Tom Dawley  
Vice President,  
Marketing

Paul R. Hawn  
Vice President,  
Human Resources

George Koutris  
Vice President,  
Sales and Distribution

Gilbert Rehayem  
Vice President,  
Information Systems and Technology

Josephine Stewart  
Vice President,  
Corporate Communications





Ontario Lottery Corporation  
Société des loteries de l'Ontario

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Sault Ste. Marie, Ont., P6A 6V2  
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Publication

1996 - 1997

ANNUAL REPORT



Ontario Lottery Corporation  
Société des loteries de l'Ontario

October 15, 1997

The Honourable Al Palladini  
Minister of Economic Development, Trade and Tourism  
Hearst Block  
900 Bay Street  
Toronto, Ont.  
M7A 2E1

Dear Minister:

Pursuant to the provisions of the *Ontario Lottery Corporation Act*,  
I am pleased to present the *Annual Report* of the Ontario Lottery  
Corporation for the year ending March 31, 1997.

Yours very truly,

A handwritten signature in blue ink, consisting of several overlapping loops and a final downward stroke.

---

Tom E. Reid  
Chair of the Board



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## WHAT WE ARE

# We conduct and manage lottery schemes on behalf of the province of Ontario.

**The Government of Ontario** is authorized under the *Criminal Code of Canada* to conduct and manage lottery schemes in Ontario.

**To fulfil this role** on behalf of the Province, the Ontario Lottery Corporation (OLC) was established in 1975 as a Crown corporation under the *Ontario Lottery Corporation Act*.

**The OLC has operated** traditional lotto, instant and sports games in Ontario for more than two decades. In 1996-1997 the Corporation launched a provincewide bingo game in co-operation with private-sector partners.

**During the fiscal year**, the Government of Ontario announced the creation of a subsidiary corporation devoted entirely to the operation of video lotteries. This subsidiary will operate under the auspices of the OLC.

**The OLC reports** to the Government of Ontario through the Minister of Economic Development, Trade and Tourism.

**The Board of Directors** is the OLC's governing body and consists of up to nine members appointed for a three-year term. The Board has the authority and responsibility for directing corporate policy.

**Two members** of the Board are also on the Board of Directors of the Interprovincial Lottery Corporation (ILC), the jointly operated lottery organization responsible for such games as LOTTO 6/49. The ILC is comprised of all five Canadian lottery jurisdictions – the Atlantic Lottery Corporation, the British Columbia Lottery Corporation, Loto-Québec, the Ontario Lottery Corporation, and the Western Canada Lottery Corporation.

**Profits earned** by the OLC are deposited in the Consolidated Revenue Fund of the Province of Ontario for distribution by the Province.

The *Ontario Lottery Corporation Act* directs lottery funds to provincial hospitals, sport, recreational and cultural activities, and through The Trillium Foundation, to voluntary social service organizations. The OLC is not responsible for the distribution of grant money.

Minister of  
Economic  
Development,  
Trade & Tourism

Ontario Lottery  
Corporation Board  
of Directors

Ontario Lottery  
Corporation

Lottery Retailers

Lottery Players

**WHO WE ARE****PURPOSE**

The purpose of the Ontario Lottery Corporation is to benefit the people of Ontario through the development of gaming and gaming-related activities that have integrity and are operated in an efficient and socially responsible manner.

**VISION**

Our vision is to be the recognized **leader** in the gaming industry in Ontario.

**VALUES****Honesty**

In all our speech and actions, internally and externally, corporately and individually, we are truthful, fair and lawful.

**Merit**

Our decisions are based on fact, are prudent, support our corporate plans and objectives, and are consistent with the principle of fairness and the laws and regulations governing the Corporation.

**Respect for People**

All individuals are highly valued and are treated equitably.

**Openness**

We share ideas and information, except where a need exists for personal privacy, information security or where business interests must be protected.

**Teamwork**

We work co-operatively to achieve corporate goals.

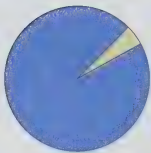
**Excellence**

In all that we do, we are committed to the highest standards of performance, competence and efficiency.

**Public Responsibility**

We work to serve the citizens of Ontario and to steward the assets and affairs of the Corporation for the benefit of Ontarians.

## CORPORATE PROFILE

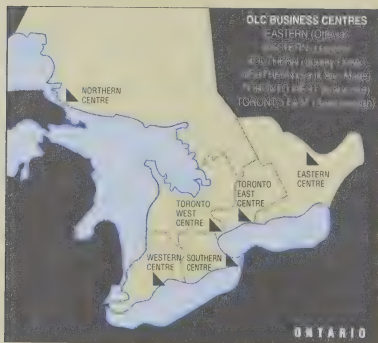


More than 97% of the OLC's revenue is returned to the people of Ontario.

**The OLC President** reports directly to the OLC Board of Directors and is responsible for the implementation of corporate policy as approved and directed by the Board.

**In June 1996**, the OLC split its Executive into two distinct groups: the Core Business Committee and the New Business Committee. The move allowed the Corporation to focus efforts on new revenue-generating activities (new business), while maintaining resources to manage traditional lottery products (core business).

**As an interim structure**, the Executive reorganization paved the way for corporate-wide business process improvement. In 1996, the Business Process Improvement project identified several avenues for improving OLC profitability through greater efficiencies and effectiveness. This groundwork will lay the foundation for a new transitional structure in 1997-1998.



**Headquartered in Sault Ste. Marie**, the OLC also has administrative offices and a prize office in Toronto. In addition, there are six regional business centres across Ontario.

**In 1996-1997**, the OLC employed approximately 750 people across Ontario and offered 12 lottery games: LOTTO 6/49, LOTTO SUPER 7, ENCORE, LOTTARIO, PICK-3, WINTARIO, INSTANT, DAILY KENO, SUPERSTAR BINGO, OVER/UNDER, PRO•LINE and POINT SPREAD. OVER/UNDER, PRO•LINE and POINT SPREAD are SPORT SELECT games.

**The OLC partners** with the retail trade in the sale of lottery products to consumers. More than 11,324 retailers across the province sell lottery products. About 7,600 of those retailers are connected to the OLC on-line gaming network, the sixth largest lottery network in North America.

**In 1996-1997**, the OLC joined in an ambitious and mutually beneficial partnership with the Provincial Bingo Charitable Activities Association (PBCAA) and the Registered Gaming Suppliers of Ontario (RGSO). This partnership links the OLC's SUPERSTAR BINGO game to 190 bingo halls across the province.

**Our retailers and bingo hall partners** serve more than half the adult population (18 years and older) in Ontario on a regular basis. In 1996-1997, OLC sales were just under \$2.1 billion.

**More than 97 per cent** of the OLC's revenue is returned to the people of Ontario in the form of prizes, retailer commissions, the purchase of goods and services by the Corporation, funding of hospitals and other causes designated under the *Ontario Lottery Corporation Act*.



## FINANCIAL HIGHLIGHTS

Profits Available for  
the Province in  
1996-1997 were  
\$672.2 million,  
**up**  
**\$7.0 million**  
from \$665.2 million.



**Annual Sales passed \$2 billion** for the second straight year.

**Sales of \$2.07 billion** were down \$51.7 million but four newer products – DAILY KENO, INSTANT KENO, INSTANT BATTLESHIP® and ONTARIO INSTANT MILLIONS – surpassed budget expectations by 45.1 per cent.

**Total Profits** Available for the Province hit a record high of \$672.2 million, despite a two per cent drop in sales.

**Prizes of \$1.03 billion** were awarded, representing 49.9 per cent of cash sales.

**Operating expenses** were held to 4.9 per cent of cash sales.

**The OLC returned 97.1 per cent** of cash sales to the people of Ontario.

**The Corporation's net profit** margin increased from 30.6 per cent to 31.5 per cent.

**The OLC's lifetime contribution** to Ontario reached \$7.6 billion.

*BATTLESHIP® is a registered trademark.  
Used with permission of Hasbro Canada Inc.*

### Highlights

(In millions of dollars, unless otherwise stated)

	1996-1997	1995-1996
Cash Sales	\$ 2,066.7	\$ 2,118.4
Prizes	1,030.3	1,087.2
Commissions	140.7	145.3
Gross Profit Margin	39.5%	37.7%
Net Profit Margin	31.5%	30.6%
Profits Available for Province of Ontario	\$ 672.2	\$ 665.2
Number of Games	12	10

## OPERATING HIGHLIGHTS

**With the launch of SUPERSTAR BINGO**, the OLC established new strategic partnerships with the private and charitable gaming sectors in fiscal 1996-1997. This game electronically links the OLC to 190 bingo halls and guarantees nightly jackpots of at least \$25,000.

**The Corporation** successfully tested EXPRESS PLAY technology at 16 grocery store locations across Ontario. The bar-coded, on-line ticket sales system is a convenient, new way to purchase Quick Picks for LOTTO 6/49, LOTTO SUPER 7, ENCORE and LOTTARIO.

**The internal Business Process Improvement (BPI)** initiative identified opportunities to improve the efficiency and effectiveness of processes throughout the OLC. BPI teams completed a detailed review of four key business processes to ensure the Corporation makes best use of its resources to maximize earnings.

**Senior management** developed a transition model for operating the OLC to meet new financial and organizational goals being set by the Government of Ontario. The model will allow the OLC to adjust its transition targets while maintaining the Corporation's core business.

MESSAGE FROM THE CHAIR

Working with an awareness of the government's need to increase the overall efficiency of the public sector, in fiscal 1996-1997 the Board of Directors focused particular attention on establishing policy for the Ontario Lottery Corporation consistent with recent government priorities and directives.

**Two major reviews** by the Province of Ontario, coupled with our own in-house efficiency studies, have given us a new and clear sense of direction. The new OLC will be smaller and more cost-effective, will work in greater partnership with the private sector, and will maintain a flexible organizational structure capable of responding quickly to the fast-changing gaming marketplace.

**Through all of this**, we will remain committed to our corporate vision of being the recognized leader in the gaming industry in Ontario.

**In anticipation** of announced reviews by the Province, the OLC started to prepare itself for change through its own Business Process Improvement (BPI) project. It later contributed data to the Role and Mandate Review of the Ministry of Economic Development, Trade and Tourism.

**The provincial Task Force Report** on Agencies, Boards and Commissions, released in January 1997, recommended that the Government find the most appropriate and cost-effective method of delivering the Corporation's activities through outsourcing and forming partnerships with the private sector. The task force recognized that "overseeing the management of Ontario's lottery activities is a core business of government" and a legal requirement under the *Criminal Code of Canada*, therefore complete privatization of the OLC is not an option.

**Also in fiscal 1996-1997**, the Ministry of Economic Development, Trade and Tourism launched a Role and Mandate Review of the OLC. While its results won't be completed until the next fiscal year, it is clear that new directions and options for greater efficiency are being explored.

**In a further search** for operational excellence, the OLC's Board of Directors undertook a benchmarking study in fiscal 1996-1997, comparing the Corporation to the best performers in the lottery industry. This study indicated additional areas of potential improvement and provided an appreciation of how others achieve their mandate through a combination of outsourcing and reduced activities. The research data indicated that the OLC has higher staff levels and outsources less than the most efficient lotteries. The Corporation also has more programs to support base revenues, which equates to higher costs.

**The information obtained** through the BPI project and benchmarking exercise puts us on a sound footing to respond to both the Role and Mandate Review and the recommendations of the Task Force on Agencies, Boards and Commissions. All of these studies and reviews are pointing us towards the same fiscally responsible horizon where we will be doing more with less – and we will be doing it better.

**Two other ground-breaking developments** commanded the Board's attention this fiscal year – the announced introduction of video lotteries (VLs) to Ontario, and the OLC's SUPERSTAR BINGO game – our first entry into gaming activities outside of traditional lotteries.

**VLs will be introduced in Ontario** in a measured and controlled fashion as announced in the May 7, 1996, provincial budget. The government subsequently announced on

Cash Payments  
to the Province  
were \$712  
million,  
up  
\$37.5  
million.

\$ 712.0 million

\$ 674.6 million

1995-1996

1996-1997

February 25, 1997, that an OLC subsidiary will implement the VL network, while the Alcohol and Gaming Commission of Ontario will be responsible for regulation. The new VL corporation will make maximum use of private-sector involvement.

**With SUPERSTAR BINGO**, the OLC ventured into the charitable gaming sector by establishing strategic partnerships with the Provincial Bingo Charitable Activities Association and the Registered Gaming Suppliers of Ontario. Launched March 25, 1997, using technology developed internally by the OLC, SUPERSTAR BINGO links participating bingo halls across the province to the OLC. Payments are made to the partners and the profits are returned to the Province.

**In addition**, major, new game initiatives – DAILY KENO, POINT SPREAD and INSTANT BATTLESHIP® – were launched in each of our existing lottery product categories in fiscal 1996-1997.

**Such initiatives**, combined with improved organizational efficiencies, allowed the Corporation to reach \$2.07 billion in sales this year, which was only slightly under budget. More significantly, at a time when the traditional lottery market continues to mature and the gaming market as a whole is becoming increasingly competitive, we were still able to improve on last year's results in net income and cash contribution to the Province.

**These favorable results** cannot be viewed without recognizing the strong role already played in our operation by the private sector, particularly our 11,324 independent retailers, the private bingo-hall operators and the charitable institutions with whom we work in partnership.

**Such co-operation** with the broader community also reminds us of our continuing responsibility to act as a good corporate citizen. The OLC maintained its close relationship with the Ministry of Health in supporting initiatives on problem gaming. Likewise, the Corporation co-operated with police services during investigations into illegal activity related to gaming.

**As in the past**, we remain particularly vigilant about the sale of lottery tickets to minors. Legislation passed in March 1997 made it a criminal offence to allow anyone under the age of 19 to have access to VLs and strengthened the *Ontario Lottery Corporation Act* by making it a criminal offence to sell any other lottery product to minors.

**I wish to welcome** our new board members – Thom Bennett of Nepean, Guy Cogan of Toronto, Elaine Foster of Sault Ste. Marie, and Tom Reid of Toronto. Their distinctive areas of expertise will provide a valuable resource to the Board in the challenging days ahead.

**On the Board's behalf**, I also wish to thank our dedicated OLC staff for their patience, persistence and professionalism during this continuing period of ongoing change.



Dr. Frederick Griffith, Chair

## MESSAGE FROM THE PRESIDENT

Fiscal 1996-1997 was a year of planning and preparation for the Ontario Lottery Corporation. It was also a time of change and new directions.

**A rapidly maturing gaming market** and increased competition, coupled with the need for even greater efficiency in the public sector, have produced a unique challenge for the OLC. Aside from our traditional competitors for the entertainment dollar, new gaming technologies increasingly compete for the consumer's discretionary spending.

**To meet these market conditions**, the OLC nurtured a two-fold strategy – maintain and enhance our traditional core business while, at the same time, develop new revenue-producing opportunities in non-traditional areas.

**The Executive was** split into two Committees – the Core Business Committee and the New Business Committee. The Core Business Committee ensured the delivery of the OLC's 1996-1997 business plan, and the Corporate sales and profit projections. The New Business Committee oversaw the planning and execution of new projects.

**The strategy proved successful.** Once again we topped the \$2 billion mark in sales. Nevertheless, we were down 2.4 per cent from 1995-1996, attesting to the steady march of growing competition.

**Among our traditional products**, sales of on-line games were up 3.0 per cent over last year, off-line products were down slightly by 4.6 per cent and, reflecting a pattern across Canada, sports games dropped 22.8 per cent. Adjustments to improve the profitability of OVER/UNDER, one of our SPORT SELECT products, were also a major reason for a decline in the sales of sports games.

**Three new traditional products** were launched in fiscal 1996-1997. DAILY KENO, a new daily draw game, entered the marketplace in April 1996 and recorded sales of \$73.8 million, \$23.8 million above projections. INSTANT BATTLESHIP®, launched in September, captured a new consumer market for INSTANT products and posted sales of \$56.4 million, about \$21 million over budget. Only POINT SPREAD, introduced in August, fell somewhat short of projected revenues.

**There were also strong sales** on restructured games, most notably the new ENCORE on LOTTO 6/49. ENCORE played with LOTTO 6/49 surpassed last year by 2.5 per cent despite lower sales volumes for LOTTO 6/49 itself.

**Regrettably**, after 21 years, we had to bid farewell to an old friend. WINTARIO, our first game, was retired in the face of changing consumer preferences.

**The Core Business Committee** implemented a number of cost saving measures that served to compensate for the overall dip in sales and realized an increase in net profit despite slow sales of some products.

**Meanwhile**, the New Business Committee worked to develop new business opportunities and new business units. The video lottery team provided our shareholder – the government – with a solid options paper to operate VLs in Ontario. The SUPERSTAR BINGO team, working with private bingo-hall operators and the charitable sector, launched our electronically linked bingo game connecting the OLC to scores of bingo halls across the province.

**SUPERSTAR BINGO** is particularly significant in that it taps into three OLC objectives. It represents our first venture outside the traditional lottery market, it incorporates private and charitable sector partnerships, and it relies on innovative technology developed by the OLC – technology that could be exported under a licensing agreement beyond Ontario to provide new revenue.



**Another profitable partnership** was established this year around LOTTO 6/49. The OLC joined forces with McDonald's Restaurants of Canada Limited to distribute approximately 2.5 million LOTTO 6/49 coupons with the ARCH DELUXE® HAPPY MEAL® for Grown Ups. The promotion ran for just over one month in the winter and represented the first major co-promotion where an OLC product was being used as a premium or incentive item.

**One partnership** did not materialize in fiscal 1996-1997. Discussions with the Western Canada Lottery Corporation (WCLC) on having the OLC provide full lottery services ceased after Alberta removed its support of WCLC early in 1997, and decided it wanted to operate on its own.

**Several studies** conducted this year highlighted the fact that 1996-1997 was a year of preparation for transition – transition that will ensure the OLC's continuing role as an efficient, cost-effective provider of gaming products.

**The OLC's** in-house Business Process Improvement project identified 22 value propositions – opportunities for organizational improvement. Direction for change was determined in four priority areas: regional and product distribution, research and development, acquisition to payment, and information technology. Based on this research, the OLC moved swiftly to achieve new efficiencies and to ensure that our processes are appropriate to meet our Corporate goals as defined by the Role and Mandate Review. The Role and Mandate Review was conducted by the Ministry of Economic Development, Trade and Tourism, and is expected to be delivered in fiscal 1997-1998.

**Another beneficial study** completed in this fiscal year was the Board of Directors' benchmarking project that compared the OLC against the best performers in the lottery industry. The project pointed towards several areas of possible improvement. Both the benchmarking study and the Business Process Improvement project revealed the need for a team to implement the transition anticipated in the coming year. Consequently, a transition plan was developed and a transition team will be established in fiscal 1997-1998. The transition process is committed to ensuring that we adjust the structure of the Corporation to achieve our transition targets while maintaining our core business.

**Work also began** on what compensation would be offered to staff, who would be declared surplus or would take voluntary departure, as business processes are reviewed and reorganized to meet the goals of greater business efficiency.

**Human Resources** practices had already undergone change in 1996-1997. An alternative work arrangement policy was approved and has proven to be very popular. Employees may now work a compressed work week or alter their regular hours to accommodate personal demands. In addition, job-sharing and part-time work options were introduced.

**Throughout** our period of on-going change and uncertainty, OLC staff continued to work with the dedication that has made the OLC a leader in the gaming industry. For this, I congratulate them. The OLC will remain a good place to work as we strive to meet even higher standards of fiscal and organizational responsibility, and to provide an even greater service to the people of Ontario.

**Cutting costs**, increasing organizational efficiency, encouraging greater private-sector involvement, harnessing the potential of new technology, forming strategic partnerships, and making bold moves into non-traditional areas of gaming are the six pillars of success on which the new OLC will be built.

**I look forward** to working together with the Corporation's employees as we move confidently towards meeting our business objectives.



Garth Manness, President

# OPERATING REVIEW

## FINANCIAL OBJECTIVES AND COMPARISONS

A maturing gaming market produced an increasingly competitive environment in fiscal 1996-1997 and mixed financial results for the OLC.

Nevertheless, several initiatives were taken to improve efficiency and to increase the Corporation's contribution to the Government of Ontario. Net Income increased \$4 million over fiscal 1995-1996 and the Net Income Available to the Province increased \$7 million to a record breaking \$672.2 million.

While the OLC broke the \$2 billion mark in sales in 1996-1997, Sales of \$2.07 billion

reflected the competitive challenge facing traditional lottery products, coming in \$78 million under budget and down \$51 million, or 2.4 per cent from 1995-1996.

The Prize expense exceeded \$1 billion, 49.9 per cent of cash sales, compared to last year's \$1.1 billion, or 51.3 per cent. Support from the unclaimed prize fund was \$20.7 million in 1996-1997, an increase of \$9.6 million from last year's support of \$11.1 million.

Other Direct Expenses, which

typically vary with sales activity, were held to 10.6 per cent, as targeted, slightly better than the 1995-1996 rate.

The Contribution Margin reached \$817 million, as anticipated, and was \$19 million better than last year. The Contribution Margin rate was 1.4 per cent better than anticipated and 1.8 per cent lower than in fiscal 1995-1996. This increase resulted primarily from lower Prize expense.

The OLC's 1995-1996 review of expenditure budgets identified measures that could minimize costs while maximizing profitability. The second year of this expenditure reduction program was implemented in 1996-1997. This year's Operating Expenses, at \$102 million, were as budgeted and an aggressive \$18 million less than last year. As a percentage of sales, Operating Expenses were down to 4.9 per cent, marking an 0.8 per cent improvement over 1995-1996.

### Revenue and Expenses

	1996-1997 Actual		1996-1997 Objective		1995-1996 Actual	
	\$ millions	% of sales	\$ millions	% of sales	\$ millions	% of sales
Sales	2,067	100.0	2,145	100.0	2,118	100.0
Prizes	1,030	49.9	1,099	51.3	1,087	51.3
Other Direct Expenses	220	10.6	228	10.6	233	11.0
Contribution Margin	817	39.5	818	38.1	798	37.7
Operating Expenses	102	4.9	102	4.7	120	5.7
Operating Income	*685	33.1	716	33.4	678	32.0
Other Income and Expenses	33	1.6	34	1.6	30	1.4
Net Income	652	31.5	682	31.8	648	30.6
Net Income Available to Province	672	32.5	702	32.7	665	31.4

\* For 1996-1997, Actual, Operating Income is net of a provision for restructuring costs

**Operating Income** net of a provision for restructuring costs was \$7 million higher than last year and \$31 million less than budgeted. Operating income before restructuring costs was \$715 million, or 34.6 per cent of sales, an improvement of 2.6 per cent over last year.

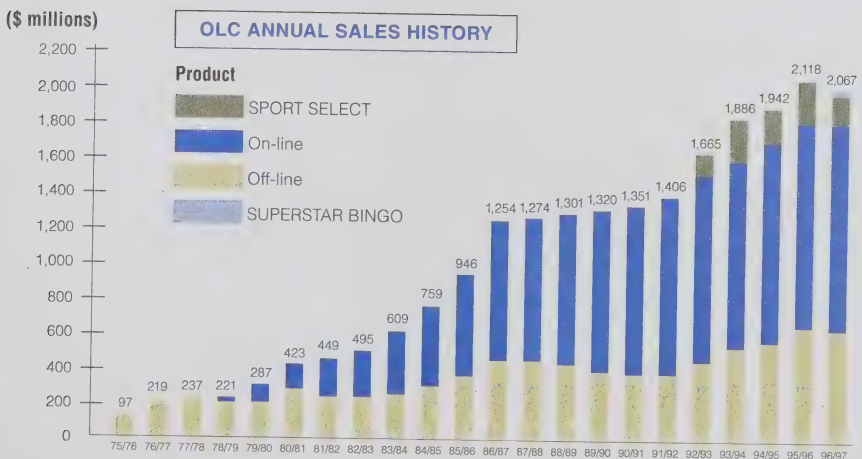
**Other Income and Expenses** include interest income earned on cash balances, payments to the Government of Canada on behalf of the Province of Ontario, and the Goods and Services Tax. In 1996-1997, for the first time, this category also includes payments to charitable organizations under an agreement between the OLC, the Provincial Bingo Charitable Activities Association (PBCAA) and the Registered Gaming Suppliers of Ontario (RGSO).

**Despite a slight drop** in sales, **Net Income** rose to \$652 million, \$4 million better than last year. Successful cost reductions that improved this bottom line would have registered an additional \$30 million were it not for a provision for restructuring costs.

**Net Income Available to the Province of Ontario** is the Net Income adjusted for depreciation expense and capital expenditures. In 1996-1997, the Net Income Available to the Province exceeded the previous year by \$7.0 million, or one per cent.

## RESPONDING TO OUR CUSTOMERS

Sales went over the \$2 billion mark for the second year in a row. While this achievement attests to the continuing popularity of the OLC's games, 1996-1997 sales were still down 2.4 per cent over the last fiscal year. This decline reflected an increasingly maturing and competitive gaming market.



# Sales by Category

(\$ thousands)

	1996-1997	1995-1996
On-line	\$ 1,233,583	\$ 1,197,651
Off-line	628,739	658,924
SPORT SELECT	202,208	261,853
SUPERSTAR BINGO	2,193	-
<b>Total</b>	<b>\$ 2,066,723</b>	<b>\$ 2,118,428</b>

**On-line games** proved to be the strongest game category this year, up three per cent in sales.

**The OLC's newest** on-line game, DAILY KENO, generated a stronger consumer response than expected in its first year, exceeding budget by 47.7 per cent with \$73.8 million in sales.

**Both of the OLC's** large-jackpot ILC games had fewer jackpot rolls than expected and were down against budget. LOTTO 6/49, our biggest game, was down \$14 million, or

1.7 per cent under budget, and 1.6 per cent below last year's sales. LOTTO SUPER 7 was \$18 million under budget, or 13.7 per cent, and seven per cent lower than last year.

**Sales of ENCORE** played with LOTTO 6/49 achieved budget and surpassed last year by 2.5 per cent despite lower sales volumes for LOTTO 6/49. New ENCORE game mechanics were introduced in February 1997 with the launch of LOTTO SUPER 7 ENCORE. Planned for an earlier launch, LOTTO SUPER 7 ENCORE was 43.2 per cent under budget, but at a 63.2 per cent transaction rate, play closely approached expectations during the period of game availability.

**LOTTARIO and PICK-3** sales were expected to fall in fiscal 1996-1997. LOTTARIO sales of \$72 million trailed the budget by 13.2 per cent and last year's sales by 16.9 per cent, while PICK-3 sales were \$44 million, or 1.3 per cent under budget, and 14.4 per cent below last year's results.

**While SPORT SELECT** games continue to be popular, sports games were down in Ontario as in the other Canadian lottery jurisdictions. This category showed improved profitability but incurred the most significant drop in OLC sales in 1996-1997. At \$202.2 million, combined sales of SPORT SELECT were down 22.8 per cent, or \$59.6 million, from 1995-1996.

# Sales By Game

Year ended March 31, 1997  
(\$ millions)

	1996-1997 Actual	1996-1997 Objective	1995-1996 Actual
<b>On-line</b>			
LOTTO 6/49	798	812	811
ENCORE 6/49	126	125	123
LOTTO SUPER 7	117	135	125
ENCORE SUPER 7	3	5	-
LOTTARIO	72	83	87
PICK-3	44	45	52
DAILY KENO	74	50	-
<b>Off-line</b>			
INSTANT	624	555	610
WINTARIO	5	20	44
CELEBRATION™	-	-	4
<b>Sport</b>			
PRO•LINE	145	210	185
OVER/UNDER	34	75	77
POINT SPREAD	23	30	-
SUPERSTAR BINGO	2	-	-
	<b>2,067</b>	<b>2,145</b>	<b>2,118</b>

**PRO•LINE**, the OLC's leading SPORT SELECT game, in 1996-1997 was down slightly.

**OVER/UNDER** registered the most significant sales decline for a single game, dropping \$43 million, or 55.6 per cent, below last year. In 1995-1996, its first year on the market, it had paid out at a higher rate than other sports games. Changes to the OVER/UNDER odds release schedule brought the game's payout and profitability in line with other SPORT SELECT games but reduced its appeal to customers. Interest in our new POINT SPREAD game, which was 22.4 per cent below budget, also impacted negatively on OVER/UNDER.

**Off-line games** were also down overall, dropping \$30.2 million, or 4.6 per cent, against last year.



**Of the off-line products**, INSTANT games had the strongest results in 1996-1997, surpassing last year by \$14 million and exceeding budget by \$69 million. Declines in the \$1 INSTANT, \$2 INSTANT, \$3 INSTANT BINGO and \$3 INSTANT KENO were offset by the success of the new \$3 INSTANT BATTLESHIP®. Launched in September 1996, INSTANT BATTLESHIP® came in 61.2 per cent over budget with sales of \$56.4 million. As well, the \$5 ONTARIO INSTANT MILLIONS game exceeded budget by \$32.7 million, surpassing 1995-1996 by \$40.4 million.

**WINTARIO**, the OLC's first game, was retired in September near the end of the second quarter with sales of only \$5.1 million, or 11.5 per cent of 1995-1996 sales. The 21-year-old game, historically a favorite, had become uncompetitive in the current market. CELEBRATION™, an ILC special event game, was not conducted in Ontario in 1996-1997.

**SUPERSTAR BINGO**, a new game category launched in partnership with the Provincial Bingo Charitable Activities Association and the Registered Gaming Suppliers of Ontario on March 25, 1997, was only available to players during the last week of fiscal 1996-1997. Daily performance during that period was on target and sales totaled \$2.2 million.

## ***ACHIEVING OPERATING TARGETS***

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**Support for lotteries** continued to be strong with an acceptance level of 80 per cent among Ontario adults. Lottery players represented a cross-section of the general adult population. There was equal play across all demographic categories with slightly more middle-income earners playing on a regular basis.

**Although it fell short** of the target of \$256, adult per capita sales were \$240 in fiscal 1996-1997, compared to \$249 in the previous year.

**Cost saving measures** held adult per capita net income at \$75, just \$1 under last year's \$76 result, though it was \$5 under the objective set for 1996-1997.

**Current OLC players** totalled 55 per cent of Ontario adults in 1996-1997, just under the target of 57 per cent and last year's 58 per cent result.

**At 99.9 per cent availability**, the OLC's on-line gaming system achieved eight months of 100 per cent availability and was just under last year's 99.95 per cent availability.

**Sales**, which had been up 9.1 per cent in fiscal 1995-1996, were targeted to increase by 1.3 per cent but instead fell 2.4 per cent, primarily due to drops in SPORT SELECT and large-jackpot ILC games.

**New product sales**, as a percentage of sales, surpassed the 5.6 per cent target by hitting 7.7 per cent, and outpaced last year's result of 6.7 per cent.

**Administration costs** as a per cent of contribution margin dropped from 7.8 per cent in 1995-1996 to 7.2 per cent this year, surpassing the 7.3 per cent target. Savings were realized by cost saving initiatives implemented during the year.

**Further cost saving** initiatives contributed to the improvement of other indirect costs as well. As a per cent of contribution margin, these costs also dropped from 6.3 per cent to 4.5 per cent, and were better than the objective of 4.7 per cent.

**Net Income increased** by only 0.6 per cent, coming in below the target of 5.2 per cent and not matching the 1995-1996 improvement of 3.4 per cent. Net income before the provision for restructuring costs would have met the 5.2 per cent target.

**Net Income Available** to the Province was up 1.1 percent over last year, missing the objective of 5.6 per cent and falling behind the 8.4 per cent increase experienced in 1995-1996. The increase before the provision for restructuring costs met the target of 5.6 per cent.

### ***SEEKING A BROADER PERSPECTIVE***

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In addition to setting and tracking performance against specific operating objectives, the OLC sought a broader perspective on its operations.

**The Board of Directors'** benchmarking study in 1996-1997 compared the OLC to 14 of the best performers in the lottery industry. This information will assist the OLC as it seeks greater efficiencies and alternative methods of service delivery.

**The study found**, for example:

- In 1995-1996, OLC profit per capita was \$44 US compared to a range of \$62 US to \$121 US for the top 10 lottery jurisdictions;
- Staffing levels at the OLC in 1995-1996 were two to five times those of two high-performing lotteries in the US Midwest; and
- In 1995-1996, expense as a percentage of net cash revenue was 32.7 per cent at the OLC compared to 22.6 per cent and 23.7 per cent in two high-performing lotteries in the US Midwest.

**Data from this benchmarking study** is not fully comparable and cannot be used to assign operating targets, but it indicates the OLC has higher staffing levels and outsources less than other top lotteries. Comparison to other jurisdictions indicates that greater efficiencies are achievable and will help guide the restructuring anticipated in 1997-1998.

## ***MEETING PROJECT OBJECTIVES***

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- ✓ DAILY KENO was launched within budget and surpassed its sales objective.
- ✓ INSTANT BATTLESHIP® was launched within budget and surpassed its sales objective.
- ✓ POINT SPREAD was launched within budget but fell short of its sales objective.
- ✓ ENCORE was relaunched as a common game with LOTTO 6/49 and LOTTO SUPER 7 in the fourth quarter and performed on budget thereafter.
- ✓ SUPERSTAR BINGO was launched within budget, using new OLC-developed technology to establish a profitable partnership with private bingo-hall operators and the charitable sector.
- ✓ Negotiations to offer OLC lottery services to the Western Canada Lottery Corporation (WCLC) were discontinued this year after internal changes in the WCLC made such a service arrangement financially unviable for the OLC.
- ✓ The government announced the introduction of video lotteries to Ontario and a planned OLC subsidiary to operate the VLs. Private sector involvement is also planned within this project.
- ✓ The Business Process Improvement project completed its review, identified areas for operational improvement and determined direction for change in key OLC processes.
- ✓ Pilot testing of EXPRESS PLAY technology was completed at 16 grocery store outlets; sales results are under review.
- ✓ A new retail strategy to improve efficiency and profitability received Board approval in fiscal 1996-1997.
- ✓ The OLC continued to participate as a member of a provincial task force, developing a problem gaming strategy based on awareness and education.
- ✓ To ensure the viability of SPORT SELECT, liability caps were adjusted with some impact on the player base.
- ✓ The content, structure, format and terminology in the official rules were updated and standardized for DAILY KENO, PICK-3, LOTTARIO, ENCORE, INSTANT, PRO•LINE, OVER/UNDER and POINT SPREAD to improve player comprehension.

## **RESPONSIBLE GAMING**

Public opinion research demonstrates that government-operated gaming activities are generally well respected for their integrity. Specifically, the OLC consistently scores high when Ontario adults are asked to rate the Corporation on a number of social responsibility factors.

**This high level of public trust** is one of the OLC's most important assets. Several policies protect and enhance the integrity of the Corporation. Exact accounting practices, an employee confidentiality oath, recently revised game rules, and the new liability caps on games all help to ensure that the OLC meets the highest standards of public scrutiny.

**To support socially responsible gaming**, the OLC this year set new lower limits on the amount of wagering that can be accepted at a retail outlet. This action was initiated for the protection of the OLC's retailer partners and for the Corporation's own financial integrity.

**The Corporation's** ticket redemption policy requires major winners to present the winning ticket to the OLC Prize Office in person, along with proper identification. Prizes are paid only after a thorough check of the ticket and identification.

**As well**, a new and tighter insider win policy took effect in June 1996. It applies to all OLC employees, immediate family members, or a closely affiliated company or individual, including OLC retailers. All 50 insider wins, with a total prize value of \$4,777,838, were reviewed and the prizes were paid out.

**Games security** is also a crucial component in maintaining responsible gaming. On-line games and the Corporation's business systems function independently of each other. In fiscal 1996-1997, on-line OLC retailers were operating bar code scanners to ensure security and to assist in spotting altered tickets. Off-line technology is also designed to prevent fraud.

**Despite such vigilance**, occasionally attempts are made to defraud the Corporation. Three fraudulent tickets were investigated in fiscal 1996-1997 and \$2,000,100 in pay-outs were prevented. This compares with 11 tickets for \$555,820 in 1995-1996.

**In fiscal 1996-1997**, the Corporation investigated 503 cases of reported lost, stolen or questionable tickets. The investigations concluded that 61 per cent were unsupportable claims.

**Co-operation with security agencies** across North America was an important factor in our ability to maintain these high standards in combating fraud.

**Prohibiting sales to minors** is another mainstay of the OLC's commitment to social responsibility. OLC policy has always prohibited such sales. During the fiscal year, that policy was enacted into law by the Province of Ontario, permitting law enforcement agencies to investigate reports of sales to minors.

Prohibiting sales to  
minors is a mainstay  
of the OLC's  
**commitment  
to social  
responsibility.**



**The past fiscal year** also saw the OLC forge a new alliance with the charitable sector. As one of the partners in SUPERSTAR BINGO, the Provincial Bingo Charitable Activities Association shares in the profits of this game and distributes them to numerous worthwhile, charitable causes.

**The OLC's high standards** of social responsibility will also be reflected as its video lottery subsidiary responds to the government's request to implement and manage video lotteries in Ontario. The Province announced that two per cent of video lottery revenue will be made available for public awareness, prevention, treatment and research regarding problem gambling.

**The OLC is firmly committed** to playing its role in responding to any negative social consequences of problem gambling. The Corporation is a member of the Problem Gambling Committee of the Ontario Substance Abuse Bureau and is actively involved with the Province and treatment providers in developing a problem gaming strategy.

## ***CUSTOMER DELIVERY NETWORK***

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**The OLC's strong retailer network** is the backbone of the Corporation's customer delivery system. Of 11,324 retailers, 7,551 provided on-line and SPORT SELECT services in 1996-1997, while 3,773 offered only off-line tickets.

**All the OLC's** retailer partners are serviced by OLC regional business centres. The Corporation's retailers receive OLC training, and are supported by merchandising and promotions to ensure first-rate customer service for players. Retailers with terminals have access to Hotline technical assistance. New terminal wagering limits help our on-line and SPORT SELECT retail partners protect themselves against fraud.

**In addition**, the OLC is working with major corporate retail partners in providing customer service and testing new distribution channels.

**A key development** in 1996-1997 was the creation of a new retailer strategy. Designed to improve profitability and ensure fairness in access to our retail outlets, this strategy will be initiated in fiscal 1997-1998.

**The OLC's subscription services** continued to be a valuable distribution channel preferred by almost 80,000 of our customers in 1996-1997.

**Bingo hall operators** joined the OLC partnership team this year with the advent of SUPERSTAR BINGO. The OLC worked closely with hall operators to develop a technology system and training package that would meet the needs of both the players and the hall operators.

**During fiscal 1996-1997**, the OLC continued to provide speedy, value-added service directly to its customers. It dealt with more than 206,000 customer service inquiries and served more than 8.1 million callers through its WIN! Line – an automated interactive lottery information telephone line.

## WORKING WITH THE PRIVATE SECTOR

Over the years, the OLC has improved its efficiency by working closely with the private sector.

The OLC spent  
**\$163.4** million  
 purchasing goods  
 and services  
 in Ontario.

**The Corporation's continuing partnerships** with independent business retailers and with major corporate accounts represent only one facet of this involvement.

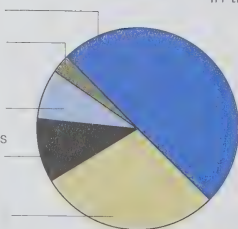
**To maintain cost effectiveness**, the OLC also outsources functions including advertising, software development, terminal maintenance, and ticket printing and production.

**The Corporation ventured** into new territory in fiscal 1996-1997 by engaging in a co-promotion with McDonald's Restaurants of Canada Limited. This successful project has led to additional opportunities for co-promotion that are being explored for fiscal 1997-1998.

**As well**, the OLC's revitalization of the bingo sector has been welcomed by bingo hall operators, who receive 12.5 per cent of gross sales from SUPERSTAR BINGO, and by Ontario's charities, which receive 22.5 per cent of sales. The Corporation established more than \$6 million in new agreements with Ontario and Canadian companies to supply SUPERSTAR BINGO hardware, bingo paper, telecommunications, maintenance services, advertising and promotion over the coming fiscal year.

**In fiscal 1996-1997**, 97.1 per cent of the OLC's sales were returned to the Ontario economy. About half of that revenue – \$1,030.3 million, or 49.9 per cent – was awarded as prizes to winners. This year, 1,485 major winners won \$10,000 or more, taking home a combined total of more than \$242,664,941 – much of which was re-invested by them in the purchase of goods and services in the private sector.

Prizes to  
 Winners **49.9%**  
 Other **2.9%**  
 Retailer  
 Commissions and  
 Bonuses **6.8%**  
 Goods and Services  
 Purchased in  
 Ontario **7.9%**  
 Profits Available  
 to Province **32.5%**



**In addition**, the OLC spent \$163.4 million, or 7.9 per cent of its revenue, on purchasing goods and services in Ontario. This included on-line terminal maintenance, advertising and promotion, ticket supplies, salaries and benefits, administrative expenditures, software purchase and development, and equipment purchase, lease and maintenance. A further \$140.7 million, or 6.8 per cent of revenue, was dispersed as bonuses and commissions among the OLC's 11,324 lottery retailers and 190 bingo hall operators.

**Just 2.9 per cent** of sales left the Province. The \$60.1 million consisted primarily of payments to the Government of Canada, payments to charitable organizations, and purchases of goods and services outside of Ontario.

**The OLC generated** \$672.2 million – 32.5 per cent of its revenue – for the Consolidated Revenue Fund of the Province of Ontario in this fiscal year.

## IMPROVING BUSINESS PROCESSES

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Streamlining the OLC's processes and seeking **new efficiencies** were major corporate undertakings in fiscal 1996-1997.

**An internal business process review** was initiated in fiscal 1995-1996 and continued into fiscal 1996-1997. The Business Process Improvement project identified 22 key business processes that could be improved to make best use of our resources and maximize Corporate earnings. Four major functions were identified as priorities for detailed review – the OLC product distribution system, information technology systems, research and development processes, and acquisition-to-payment practices.

**OLC work teams** researched these priority areas and identified opportunities where immediate and long-range changes could take place. Immediate changes to purchasing and payment practices exemplify efficiency gains achieved by the process improvement project – improved user-access to tracking systems cut processing time, redefining responsibilities eliminated duplication of effort, and cancelling certain hard copies reduced administrative printing and handling costs by 35 per cent.

**The process improvement** approach also resulted in other staff-initiated proposals being implemented. Typical of such staff input was a review of Prize Office procedures that led to streamlining operations, increasing cheque processing efficiency and raising per-person productivity by seven per cent.

**Research was also done** to compare the OLC to the best industry practices. The study found that OLC information systems staffing was higher than that of chartered banks and higher than most other lotteries, and identified some disadvantages inherent to in-house systems development. The comparison also showed that the number of OLC sales and sales training staff was significantly higher than in other lotteries. Moreover, an alternative technology in INSTANT ticket security was identified as a means of significantly reducing security requirements.

**In the third quarter**, the OLC's analysis of process improvements was put on hold pending government direction from the Role and Mandate Review. The focus was shifted to developing a transition plan to ensure a smooth and expeditious implementation of the Role and Mandate Review recommendations.

**For the 1997-1998** fiscal year, it is anticipated that the transition plan will continue the next phase of the Business Process Improvement project, building on the work already completed. This project has set the foundation for the changes to come in response to the Role and Mandate Review.

## FOCUS ON THE FUTURE

## PREPARING FOR TRANSITION

In fiscal 1997-1998, the OLC will have the combined responsibility of upholding its mandated role of conducting and managing lottery games on behalf of the Province while at the same time preparing to implement changes expected as a result of the government's Role and Mandate Review.

**It is anticipated** that the Role and Mandate Review will further define the role and scope of the OLC.

**Our own internal review** of business practices will continue as we explore alternative methods of delivering OLC programs and services more affordably, efficiently and effectively. We anticipate a significant increase in alternative service delivery, including a broadened role for the private sector. The choice of delivery method will be based on a sound business case and ensure best value for the dollar.

**Several changes** are being made to guarantee a seamless transition to a restructured operation with minimal impact on our current business. Decisions on the future size of the workforce have yet to be made.

**A Transition Team** will be dedicated to ensuring the operation of core business activities and the smoothest possible transformation to an OLC that is more fully integrated with the private sector.

## SETTING STANDARDS FOR A SMOOTH TRANSITION

Key Financial  
Objectives for  
1997-1998

	1996-1997 Actual		1997-1998 Objective	
	\$ millions	% of sales	\$ millions	% of sales
Sales	2,066.7	100.0	2,177.0	100.0
Prizes	1,030.3	49.9	1,074.0	49.3
Other Direct Expenses	220.0	10.6	238.7	11.0
Contribution Margin	816.3	39.5	864.3	39.7
Operating Expenses	101.8	4.9	97.8	4.5
Operating Income	*684.8	33.1	766.5	35.2
Other Income and Expenses	32.8	1.6	57.5	2.6
Net Income	651.8	31.5	709.0	32.6
Net Income Available to Province	672.2	32.5	722.6	33.2

\* Net of a provision for restructuring costs

Note: 1997-1998 Objectives do not include video lottery activity.

**Yet another year of challenges** lies ahead for the Corporation. Despite being in the midst of organizational restructuring, an aggressive sales target – coupled with continued cost savings – is projected to generate \$709.0 million in **Net Income** for the 1997-1998 fiscal year – an increase of \$57.2 million, or 8.8 per cent, over 1996-1997.

**The introduction** of three new games and a full year of SUPERSTAR BINGO activity are projected to generate sales to offset the decline in any other products and contribute an additional \$110.3 million in **Sales** for a total \$2,177.0 million. The support from unclaimed prizes is expected to continue



and contain **Prizes** expense to the same level as realized in 1996-1997. **Other Direct Expenses**, which typically vary with the sales level, are projected to increase marginally from 10.6 per cent of sales to 11.0 per cent, primarily as a result of new costs being incurred for SUPERSTAR BINGO. The carry forward of cost saving initiatives, together with the beginning of transition savings, are projected to reduce **Operating Expenses** by \$4.0 million, a 3.9 per cent improvement over 1996-1997. **Other Income and Expenses** are expected to rise \$24.7 million to \$57.5 million, primarily because of a full year of payments to charitable organizations resulting from the introduction of the SUPERSTAR BINGO game.

**Net Income Available to the Province** will rise by 7.5 per cent, or \$50.4 million, reaching \$722.6 million in 1997-1998.

### ***INITIATIVES FOR 1997-1998***

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**Three major initiatives** are slated for the next fiscal year.

**A new retailer strategy** will be implemented to help increase sales without the addition of more terminals.

**The requirements outlined** in the report of the Role and Mandate Review will be implemented by the OLC.

**The Corporation** will meet its business goals for the year by pursuing efficiencies while simultaneously improving sales in our traditional product categories. Specific tactics include launching three games – ONTARIO 49, a group play INSTANT BINGO, and a new \$3 INSTANT – and extending PICK-3 play to seven days a week from the current six.

### ***THE GAMING MARKET***

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The need for the OLC to respond effectively to a rapidly maturing gaming market was underscored in fiscal 1996-1997. Both the level and sources of competition faced by the Corporation continue to grow.

**Revenues generated** by provincial casinos increase annually and additional competition for the adult entertainment dollar is anticipated from the planned deployment of permanent charity casinos throughout Ontario.

**Large scale hospital** and charity lotteries are becoming more common and now employ sophisticated provincewide advertising campaigns.

**Meanwhile**, the horse racing industry is hoping to increase its revenues 50 per cent over the next five years by offering such technological innovations as telephone wagering, instant viewing of track odds, program information, and live races via the Internet and digital wireless television.

**In addition**, a wide variety of other gaming activities are currently available on the Internet. This competition includes on-line casinos, sports betting sites and on-line lotteries.

**Competition** for the consumer's discretionary dollar also comes from the broader entertainment industry. For example, Canada's first, total, physical and interactive entertainment centre has opened in southern Ontario, offering access to more than 180 state-of-the-art video and virtuality games in a high-tech atmosphere.

## ***TECHNOLOGY TRENDS***

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The OLC will research a **variety of technologies** for service and product delivery in fiscal 1997-1998.

**Each could play a role** in the OLC's three-pronged gaming strategy:

- Maximizing revenue in existing lottery products;
- Expanding into other traditional lottery products; and
- Moving into the non-traditional gaming entertainment field.

**Two technologies** – wireless communications and INSTANT ticket activation technology – show promise for reducing the cost of delivering traditional lottery products.

**Several consumer-focused technologies** will be assessed for providing the OLC with additional modes of distributing its existing products. OLC research will investigate how some of these consumer technologies might support new types of traditional lottery games or lead to new gaming products.

**In the non-traditional** gaming entertainment field, the OLC may provide additional services to the bingo market.

**Throughout the 1997-1998 fiscal year**, the OLC will continually assess its technology research findings against changing market conditions and against the anticipated restructuring of the Corporation. New technologies that will maximize existing game revenues and pave the way to non-traditional product and service development will be a key component of the OLC's ongoing ability to improve profitability and meet its objective of providing increased revenue to the Province.

**10-YEAR REVIEW**  
(\$ millions)

	1987- 1988	1988- 1989	1989- 1990	1990- 1991	1991- 1992	1992- 1993	1993- 1994	1994- 1995	1995- 1996	1996- 1997
Sales	1,273.9	1,300.6	1,319.6	1,350.8	1,406.3	1,665.3	1,886.1	1,941.8	2,118.4	2,066.7
Prizes	598.0	608.3	619.4	639.9	674.2	808.8	941.5	958.1	1,087.2	1,030.3
Net Income*	471.1	484.1	491.8	468.1	460.3	569.7	602.5	626.6	648.2	651.3
Number of Games	6	7	8	9	9	9	9	10	10	12

\*Net Income for 1991-1992 (and subsequent fiscal years) reflects the change in accounting policy to capitalize fixed assets on acquisition. Prior periods have not been adjusted as the information is not readily available.

**EMPLOYEES PAID \$100,000 OR MORE IN 1996\***

Name	Position	Salary	Taxable Benefits
Garth K. Manness	President	\$ 133,966.47	\$ 14,098.35
Earl T. Dalton	Vice President, Finance, Administration and Systems Technology	\$ 111,269.51	\$ 7,840.74
Thomas A. Dawley	Vice President, Sales and Marketing	\$ 100,952.45	\$ 8,663.09
George T. Koutris	Vice President Sales and Distribution	\$ 129,487.80	\$ 1,263.68
Gilbert E. Rehayem	Vice President, New Business and Technology	\$ 119,013.18	\$ 8,721.36
Joseph R. St-Amour	Project Manager	\$ 104,977.67	\$ 7,370.56
Josephine Stewart	Vice President, Corporate Communications	\$ 101,148.85	\$ 6,752.81

\*Prepared under the *Public Sector Salary Disclosure Act, 1996*

## Ontario Lottery Corporation Management's Responsibility for Financial Reporting and Internal Control

**The Ontario Lottery Corporation's financial statements** are the responsibility of management and have been prepared in accordance with generally accepted accounting principles. The preparation of the financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current period cannot be finalized with certainty until future periods. The financial information throughout the text of this *Annual Report* is consistent with the information presented in the financial statements.

In meeting its responsibility for the reliability and timeliness of financial information, management has developed and maintains comprehensive internal accounting, operating and systems controls. These controls are designed to safeguard the Corporation's assets and maintain accountability for their use, and ensure compliance with regulatory requirements.

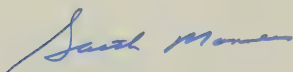
An internal audit function independently evaluates the effectiveness of these controls on an ongoing basis and reports its findings to management and the Audit committee of the Board of Directors. In addition, the Corporation employs external consultants who advise both management and the Board of Directors on the reliability and integrity of the Corporation's gaming and gaming support systems.

The Board of Directors oversees management's responsibilities for financial reporting and internal control through the Audit committee. This committee reviews with management and the Provincial Auditor the content and format of the Corporation's financial statements and the adequacy of the Corporation's internal control before recommending approval to the Board of Directors.

The financial statements have been audited by the Provincial Auditor who was appointed pursuant to the *Ontario Lottery Corporation Act*. The Auditor's report, which follows, outlines the scope of the Provincial Auditor's examination and opinion.

The Provincial Auditor, the Corporation's internal auditor and the external consultants reviewing our gaming systems have full and free access to the Audit committee to discuss their audits and related findings.

The Board of Directors, based upon the recommendations of the Audit committee, has reviewed and approved the financial statements for the fiscal year ended March 31, 1997.



Garth Manness, President



Tom Dalton, Vice President  
Finance and Administration



## Auditor's Report

### To the Board of Directors of the Ontario Lottery Corporation and to the Minister of Economic Development, Trade and Tourism

I have audited the balance sheet of the Ontario Lottery Corporation as at March 31, 1997, and the statements of operations, changes in financial position, changes in due to (from) Province of Ontario and equity in fixed assets for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1997, and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Toronto, Ontario  
May 15, 1997

K.W. Leishman, CA  
Assistant Provincial Auditor

Office of the  
Provincial Auditor  
of Ontario



Bureau du  
vérificateur provincial  
de l'Ontario

Ontario Lottery Corporation

**Balance Sheet**

as at March 31, 1997  
(in thousands of dollars)

	1997	1996
<b>Assets</b>		
Cash	—	29,594
Prize funds on deposit	75,177	67,222
Due from Interprovincial Lottery Corporation	7,067	—
Accrued interest	938	907
Accounts receivable	30,688	18,454
Due from Province of Ontario	43,443	3,683
Prepaid expenses	9,102	14,032
Fixed assets (note 3)	71,033	91,516
	<b>237,448</b>	<b>225,408</b>

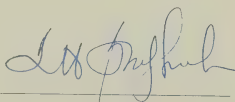
**Liabilities and Equity**

Bank overdraft	336	—
Accounts payable and accrued liabilities	74,248	54,403
Prize money unclaimed	75,177	67,222
Due to Interprovincial Lottery Corporation	—	2,164
Due to Government of Canada	7,105	2,247
Deferred income	9,549	7,856
Equity in fixed assets	71,033	91,516
	<b>237,448</b>	<b>225,408</b>

Commitments (note 4)

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

Ontario Lottery Corporation

**Statement of Operations***for the year ended March 31, 1997  
(in thousands of dollars)*

	1997	1996
<b>Sales</b>	<b>2,066,723</b>	2,118,428
<b>Direct expenses</b>		
Prizes	<b>1,030,347</b>	1,087,190
Commissions	<b>140,657</b>	145,294
Brand marketing	<b>25,064</b>	24,429
Ticket printing and terminal operation	<b>43,841</b>	50,740
Depreciation - direct	<b>10,477</b>	12,861
	<b>1,250,386</b>	1,320,514
<b>Sales less direct expenses</b>	<b>816,337</b>	797,914
<b>Operating expenses</b>		
Administration and other	<b>86,824</b>	106,295
Depreciation - indirect	<b>14,930</b>	13,927
	<b>101,754</b>	120,222
<b>Income from operations before restructuring costs</b>	<b>714,583</b>	677,692
Provision for restructuring costs (note 6)	<b>30,016</b>	—
<b>Income from operations</b>	<b>684,567</b>	677,692
Other income (expense):		
Interest income	<b>4,242</b>	8,452
Payments to charitable organizations (note 7)	<b>(494)</b>	—
Payments to Government of Canada (note 8)	<b>(36,558)</b>	(37,976)
	<b>(32,810)</b>	(29,524)
<b>Net income</b>	<b>651,757</b>	648,168

*See accompanying notes to financial statements.*

Ontario Lottery Corporation

**Statement of Changes in Financial Position**

*for the year ended March 31, 1997  
(in thousands of dollars)*

	1997	1996
<b>Cash derived from (applied to)</b>		
Operating activities:		
Net income	651,757	648,168
Depreciation	25,407	26,788
	677,164	674,956
<b>Change in non-cash operating items:</b>		
Due to/from Interprovincial Lottery Corporation	(9,231)	4,047
Accrued interest	(31)	735
Accounts receivable	(12,234)	(3,718)
Prepaid expenses	4,930	2,960
Accounts payable and accrued liabilities	19,845	11,189
Due to Government of Canada	4,858	199
Deferred income	1,693	(21,668)
	9,830	(6,256)
	686,994	668,700
<b>Financing and investing activities:</b>		
Payments to Province of Ontario	(712,000)	(674,550)
Capital expenditures	(4,924)	(9,717)
	(716,924)	(684,267)
Net decrease in cash	29,930	15,567
Cash, beginning of year	29,594	45,161
<b>Cash (Bank overdraft), end of year</b>	(336)	29,594

*See accompanying notes to financial statements.*



Ontario Lottery Corporation

**Statement of Changes in Due To  
(From) Province of Ontario**
*for the year ended March 31, 1997  
(in thousands of dollars)*

	1997	1996
Balance, beginning of year	(3,683)	5,628
Add (deduct):		
Net income	651,757	648,168
Depreciation	25,407	26,788
Capital expenditures	(4,924)	(9,717)
	672,240	665,239
	668,557	670,867
Payments to Province of Ontario	712,000	674,550
<b>Balance, end of year</b>	<b>(43,443)</b>	<b>(3,683)</b>

*See accompanying notes to financial statements.*

Ontario Lottery Corporation

**Statement of Equity in Fixed Assets**
*for the year ended March 31, 1997  
(in thousands of dollars)*

	1997	1996
Balance, beginning of year	91,516	108,587
Add: Capital expenditures	4,924	9,717
Deduct: Depreciation	25,407	26,788
<b>Balance, end of year</b>	<b>71,033</b>	<b>91,516</b>

*See accompanying notes to financial statements.*

## 1. Nature of the Corporation

The Ontario Lottery Corporation was incorporated without share capital on February 6, 1975, pursuant to the *Ontario Lottery Corporation Act* (OLCA). The Corporation is responsible for the conduct and management of lottery games in Ontario. The WINTARIO, LOTTARIO, INSTANT, ENCORE, PICK-3, DAILY KENO, PRO•LINE, OVER/UNDER and POINT SPREAD lotteries are conducted solely by the Corporation, whereas, the LOTTO SUPER 7, LOTTO 6/49 and Special Events lotteries are joint undertakings by all Provinces acting through the Interprovincial Lottery Corporation. The SUPERSTAR BINGO game is conducted and managed by the Corporation in conjunction with private and charitable organizations in Ontario.

The Corporation, by Order-in-Council, was directed to create a corporation to operate and manage a video lottery terminal network in Ontario.

## 2. Significant Accounting Policies

### (a) Basis of Accounting

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles.

### (b) Fixed Assets

Major capital expenditures with a future useful life beyond the current year are capitalized at cost and are depreciated on a straight-line basis according to their estimated useful lives, as follows:

Building . . . . .	25 years
Furniture and fixtures . . . . .	10 years
Leasehold improvements . . . . .	5 years
Automotive . . . . .	3 years
Merchandising equipment . . . . .	3 years
Wagering terminals . . . . .	7 years
Computer hardware . . . . .	3 years
On-line system . . . . .	5 years
System software . . . . .	3 years

### (c) Prize Money Unclaimed

Under the Regulations of the OLCA, unclaimed prize money from lotteries conducted solely by the Corporation is reserved and redistributed to the players through prizes and bonus draws.

### (d) Revenue Recognition

Revenues for LOTTARIO, ENCORE, PICK-3, DAILY KENO, LOTTO SUPER 7, LOTTO 6/49, and Special Events are deferred on ticket sales and recognized when the draw takes place. For PRO•LINE, OVER/UNDER, POINT SPREAD and SUPERSTAR BINGO revenues are recognized when the ticket is sold to the consumer. Revenues for WINTARIO and INSTANT games are recognized when the ticket is distributed to the retailer. Tickets issued as a result of the redemption of free ticket prizes are not recorded as sales or as prizes expense.

**3. Fixed Assets** (in thousands of dollars)

	1997			1996
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	260	—	260	260
Building	1,289	530	759	810
Furniture and fixtures	9,780	5,138	4,642	5,154
Leasehold improvements	2,614	2,513	101	649
Automotive	625	625	—	—
Merchandising equipment	7,466	6,240	1,226	3,030
Wagering terminals	65,924	33,372	32,552	41,909
Computer hardware	43,170	35,580	7,590	9,120
On-line system	35,181	12,311	22,870	29,905
System software	3,362	2,329	1,033	679
	<b>169,671</b>	<b>98,638</b>	<b>71,033</b>	<b>91,516</b>

**4. Commitments**

The Corporation has entered into several office space leases in various locations in Ontario. The future minimum lease payments are approximately as follows:

1998	\$4,045,000
1999	4,151,000
2000	4,136,000
2001	4,100,000
2002	3,821,000
	20,253,000
Thereafter	29,309,000
	<b>\$49,562,000</b>

The Corporation has purchase agreements with suppliers for ticket printing services and on-line supplies until September 30, 2001, for amounts up to \$34,051,000. In addition, the Corporation has a computer hardware and maintenance agreement with annual payments for each of the next two years approximately as follows:

1998	\$2,394,000
1999	159,000

## 5. Pension Plan

The Corporation provides pension benefits for its permanent employees through participation in the Public Service Pension Fund established by the Province of Ontario. The Corporation's share of contributions to the Fund during the year was \$2,474,000 (1996 - \$2,548,000) and is included in Administration and other in the Statement of Operations. This amount includes current contributions and additional payments required to cover the Corporation's share of the Fund's estimated unfunded liabilities.

## 6. Provision for Restructuring Costs

At March 31, 1997, the Corporation provided for costs for restructuring as required by the Role and Mandate Review conducted by the Ministry of Economic Development, Trade and Tourism. The estimated cost of the restructuring program consists primarily of the employee severances, consulting costs, and anticipated loss on sale of fixed assets.

## 7. Payments to Charitable Organizations

Payments to charitable organizations are made under an agreement dated November 8, 1996, made between the OLC, the Provincial Bingo Charitable Activities Association and the Registered Gaming Suppliers of Ontario. The agreement stipulates that a distribution of sales be made to the charitable organizations participating in the SUPERSTAR BINGO game.

## 8. Payments to Government of Canada

The Corporation made the following payments to the Government of Canada (in thousands of dollars):

	1997	1996
Payment on behalf of the Province of Ontario	19,600	19,243
Goods and Services Tax	16,958	18,733
	<u>36,558</u>	<u>37,976</u>

### (a) Payment on behalf of the Province of Ontario

The provincial lottery corporations make remittances to the Government of Canada under an agreement dated August 1979 made between the Provincial Governments and the Federal Government. The agreement stipulates that the Government of Canada will not participate in the sale of lottery tickets.

### (b) Goods and Services Tax

Goods and Services Tax (GST) payments are made in accordance with a letter of interpretation issued by Revenue Canada to the various lottery jurisdictions in Canada whereby each provincial lottery corporation remits taxes under a specific formula on all expenditures, including retailer commissions and excluding payroll costs. This tax is in lieu of the collection of GST on lottery ticket sales to the consumer.

In addition, the Corporation also pays GST on its expenditures, excluding payroll costs and retailer commissions, at point of purchase. These payments are not recoverable and are included in the respective accounts.



## Board Members

Dr. Frederick Griffith  
Sault Ste. Marie, Chair  
(June 24, 1992 - Feb. 16, 1998)

Jane Stechly  
Mississauga, Vice Chair  
(June 6, 1991 - Feb. 16, 1997)

Thom A. Bennett  
Nepean, Director  
(May 15, 1996 - March 31, 1999)

Guy Cogan  
Toronto, Director  
(May 15, 1996 - March 31, 1999)

Elaine C. Foster  
Sault Ste. Marie, Director  
(May 15, 1996 - March 31, 1999)

Trevor Hendricks  
Mississauga, Director  
(March 24, 1994 - Feb. 16, 1997)

Kyung B. Lee  
Toronto, Director  
(Sept. 6, 1991 - Feb. 16, 1997)

Tom E. Reid  
Toronto, Director  
(June 12, 1996 - March 31, 1999)

Robert S. K. Welch  
Niagara-on-the-Lake, Director  
(April 27, 1995 - Feb. 16, 1998)

## Executive Committee

Garth Manness  
President

Tom Dalton  
Vice President,  
Finance and Administration

Tom Dawley  
Vice President,  
Marketing

Walter Fioravanti  
General Counsel

Paul R. Hawn  
Vice President,  
Human Resources

George Koutris  
Vice President,  
Sales and Distribution

Gilbert Rehayem  
Vice President,  
Information Systems and Technology

Reg St-Amour  
Project Manager

Josephine Stewart  
Vice President,  
Corporate Communications

George Sweny  
Director, Corporate Accounts  
and New Business Development





Ontario Lottery Corporation  
Société des loteries de l'Ontario

70 Foster Drive, Suite 800,  
Sault Ste. Marie, Ont., P6A 6V2  
(705) 946-6464  
Consumer Affairs 1-800-387-0098  
TDD 1-800-563-5357

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ONTARIO LOTTERY CORPORATION

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ANNUAL REPORT 1997

1998

October 15, 1998

The Honourable Chris Hodgson  
Chair of Management Board of Cabinet  
12th Floor, Ferguson Block  
77 Wellesley Street West  
Toronto, ON  
M7A 1N3

Dear Minister:

Pursuant to the provisions of the *Ontario Lottery Corporation Act*,  
I am pleased to present the *Annual Report* of the Ontario Lottery  
Corporation for the year ending March 31, 1998.

Yours very truly,

A handwritten signature in blue ink, appearing to read 'T. Reid', with a horizontal line underneath.

Thomas E. Reid  
Chair of the Board



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*The OLC has operated lotteries in Ontario  
for more than two decades.*

## WHAT WE ARE

*Profits earned by the OLC are deposited in the Consolidated Revenue Fund  
of the Government of Ontario for distribution.*

**W**e conduct and manage lottery schemes on behalf of the Province of Ontario.

The Government of Ontario is authorized under the *Criminal Code of Canada* to conduct and manage lottery schemes in Ontario.

To fulfil this role on behalf of the Province, the Ontario Lottery Corporation (OLC) was established in 1975 as a Crown corporation under the *Ontario Lottery Corporation Act*.

The OLC has operated lotteries in Ontario for more than two decades. The Corporation operates traditional lotto, INSTANT and sports games, as well as a provincewide bingo game in co-operation with private-sector partners.

The OLC reports to the Government of Ontario through the Chair of Management Board of Cabinet. The OLC's relationship with the Government of Ontario is coordinated by the newly formed Gaming Secretariat, which was announced by the Government on March 2, 1998. Prior to this announcement, the OLC reported to government through the Ministry of Economic Development, Trade and Tourism.

The Board of Directors is the OLC's governing body and consists of up to nine members appointed for a three-year term. The Board has the authority and responsibility for directing corporate policy.

Two members of the Board are also on the Board of Directors of the Interprovincial Lottery

Corporation (ILC), the jointly operated lottery organization responsible for such games as LOTTO 6/49. The ILC is comprised of all five Canadian lottery jurisdictions – the Atlantic Lottery Corporation, the British Columbia Lottery Corporation, Loto-Québec, the Ontario Lottery Corporation and the Western Canada Lottery Corporation.

Profits earned by the OLC are deposited in the Consolidated Revenue Fund of the Government of Ontario for distribution.

The *Ontario Lottery Corporation Act* directs lottery funds to hospitals, sport, recreational and cultural activities, and through The Ontario Trillium Foundation to voluntary social service organizations. During 1997-1998, the OLC was not responsible for the distribution of lottery proceeds.



## WHO WE ARE

*We will become the best provider of controlled gaming in the world – to help meet the entertainment needs of consumers – generating accelerated net revenue and thereby supporting Government in building a better Ontario.*



## VISION/MISSION

We will become the best provider of controlled gaming in the world – to help meet the entertainment needs of consumers – generating accelerated net revenue and thereby supporting Government in building a better Ontario.

## VALUES

### HONESTY

In our speech and actions, internally and externally, corporately and individually, we are truthful, fair and lawful.

### MERIT

Our decisions are based on fact, are prudent, support our corporate plans and objectives, and are consistent with the principle of fairness and the laws and regulations governing the Corporation.

### RESPECT FOR PEOPLE

All individuals are highly valued and are treated equitably.

### OPENNESS

We share ideas and information, except where a need exists for personal privacy, information security or where business interests must be protected.

### TEAMWORK

We work co-operatively to achieve corporate goals.

### EXCELLENCE

In all that we do, we are committed to the highest standards of performance, competence and efficiency.

### PUBLIC RESPONSIBILITY

We work to serve the citizens of Ontario and to steward the assets and affairs of the Corporation for the benefit of Ontarians.

## CORPORATE PROFILE

*Our retailers and bingo hall partners serve more than half the adult population (18 years and older) of Ontario on a regular basis.*

The OLC President reports directly to the OLC Board of Directors and is responsible for the implementation of corporate policy as approved and directed by the Board.

Headquartered in Sault Ste. Marie, the OLC also has administrative offices and a prize office in Toronto. In addition, there are six regional business centres across Ontario.

As of March 31, 1998, the OLC employed 619 people across Ontario and offered a variety of on-line games, INSTANT and sports games.

The OLC partners with the retail trade in the sale of lottery products to consumers. At year end, lottery products were being sold by 11,099 Ontario retailers of which 7,644 were connected to the OLC's on-line gaming network, the sixth largest in North America.

The OLC has also partnered with the Provincial Bingo Charitable Activities Association (PBCCA) and the Registered Gaming Suppliers of Ontario (RGSO). The partnership links the OLC's



*Headquartered in Sault Ste. Marie, the OLC also has administrative offices and a prize office in Toronto. In addition, there are six regional business centres across Ontario.*

SUPERSTAR BINGO game to 194 bingo halls within Ontario.

Our retailers and bingo hall partners serve more than half the adult population (18 years and older) of Ontario on a regular basis. In 1997-1998, OLC sales were \$2.177 billion.

More than 96 per cent of the OLC's revenue is returned to the people of Ontario in the form of prizes, retailer commissions, the purchase of goods and services by the Corporation, and funding to causes designated under the *Ontario Lottery Corporation Act*.



More than  
**96%**  
of the OLC's revenue  
is returned to the  
people of Ontario.



# FINANCIAL HIGHLIGHTS

*Profits Available to the Province hit a new record high of \$735.6 million.*

Total sales of \$2.177 billion were on target and up \$110.5 million over the last fiscal year. Fifty-eight per cent of lottery games exceeded sales objectives. LOTTO SUPER 7 was a top performer in on-line activity, exceeding its budgeted sales target by \$101.2 million. ENCORE sales associated with LOTTO SUPER 7 also surpassed the budgeted target by \$18.3 million. INSTANT BINGO, ONTARIO INSTANT MILLIONS and the release of INSTANT MONOPOLY® GAME contributed significantly to the INSTANT ticket sales level.

Of the increase in sales, 57.4 per cent was returned to the Province.

Profits Available to the Province hit a new record high of \$735.6 million.

Cost-savings initiatives drove down operating expenses by \$12.3 million over fiscal 1996-1997. Operating expenses were held to 4.1 per cent of

Cash Sales, compared to 4.9 per cent during the previous fiscal year.

Prizes of \$1.1 billion were awarded, representing 49.4 per cent of Cash Sales.

The OLC returned 96.3 per cent of Cash Sales to the people of Ontario.

The Corporation's Net Profit Margin increased from 31.5 per cent to 32.8 per cent.

The OLC's lifetime contribution to Ontario reached \$8.3 billion.

HIGHLIGHTS <small>(In millions of dollars, unless otherwise stated)</small>	1997-1998	1996-1997
Cash Sales	\$ 2,177.2	\$ 2,066.7
Prizes	1,075.0	1,030.3
Commissions	158.8	140.7
Gross Profit Margin	39.3 %	39.5 %
Net Profit Margin	32.8 %	31.5 %
Profits Available to the Province	\$ 735.6	\$ 672.2
Number of Games	12	12

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## OPERATING HIGHLIGHTS

*The business plan reaffirms Sault Ste. Marie as the OLC's head office and provides for \$58 million in cost-savings through greater efficiencies.*

**T**he Corporation initiated a major restructuring plan during fiscal 1997-1998. The business plan reaffirms Sault Ste. Marie as the OLC's head office and provides for \$58 million in cost-savings through greater efficiencies.

**PRO•LINE** expanded its scope by including college sports and international hockey games in its wagering lineup.

Play on **PICK-3** was extended from six to seven days per week.

**ONTARIO 49**, a 50-cent on-line game, was launched in October 1997 and produced \$23.2 million in sales.

**LOTTO SUPER 7** increased its number of jackpot rollovers and produced two record-breaking \$21-million jackpots.

**INSTANT MONOPOLY® GAME**, a \$3 INSTANT product, was launched in January 1998 and

performed very well reaching total sales of \$26.8 million as at March 31, 1998.

The OLC was in consultation with the Ministry of the Attorney General regarding the *Family Responsibility and Support Arrears Enforcement Act, 1996*. Under the Act, scheduled for implementation in fiscal 1998-1999, OLC prizes of \$1,000 or more on single ticket wins will be withheld on behalf of the Province's Responsibility Office if the prize claimant is in arrears on family support payments.

The Corporation, in conjunction with the Ministry of Finance, began development of a program to encourage lottery retailers to remit retail sales tax. The program, set to launch in June 1998, was announced in the 1997 Province of Ontario budget.

## JOINT MESSAGE FROM THE CHAIR AND THE PRESIDENT

**F**iscal 1997-1998 was a watershed year for the Ontario Lottery Corporation.

Fully committed to meeting Provincial objectives for improved efficiency and profitability in the public sector, the Board of Directors, management and staff of the Ontario Lottery Corporation put their hearts and minds into a major restructuring plan for the Corporation.

In addition to faithfully fulfilling their day-to-day responsibilities, OLC staff were asked to contribute their thoughts, deeds and energies towards development of a comprehensive business plan that would propel us into the 21<sup>st</sup> century.

Government approval of that restructuring plan was without question the most significant and far-reaching achievement of the year.

The process began in May 1997, when the OLC introduced a transition model to facilitate the necessary changes. The model included an interim structure, severance plan, discretionary leave options, career planning and skills training.

On July 9, 1997 – following a Role and Mandate Review by the Ministry of Economic Development, Trade and Tourism – the OLC Board of Directors announced a full-scale restructuring process aimed at increasing efficiency and positioning the Corporation to meet the challenges of the new millennium.

From July to November, all OLC operations were thoroughly analyzed and ways to improve performance identified. The process also reviewed which activities should be maintained in-house and which could be outsourced or handled more efficiently in partnership with the private sector.

We set out to find \$50 million in annual cost savings. In the end, we found \$58 million – a testimonial to the dedication of all those who took part in the endeavor.

On February 24, 1998, the OLC announced government approval of the business plan.

This new business plan positions the OLC for success and leadership in the highly competitive gaming marketplace of the 21<sup>st</sup> century.

Through our restructuring efforts, we discovered more efficient ways of producing and delivering our product; we found more creative mechanisms to better serve our retailer network; and we identified the technological pathways that will keep us on the leading edge of innovation in the gaming industry.

In all of this, we are fulfilling our primary obligation to our shareholder, the Province of Ontario, to operate the OLC in the most profitable, business-like manner possible – recognizing that every dollar we raise for the government provides essential public services.

Key components of the business plan include:

- retention of OLC headquarters in Sault Ste. Marie;
- consolidation of the OLC's six regional business centres;
- consolidation of retail and consumer service centres into one contact centre;
- introduction of automated sales and distribution processes to facilitate automatic ordering and electronic ticket activation; and
- enhancement of computer technology to increase efficiency and bring down data-gathering costs.

Despite the need to divert substantial resources to this massive undertaking, the OLC did not falter in discharging its more immediate obligations. Sales topped the \$2 billion mark for the third year in a row.

Increased sales and cost savings contributed to setting a new record high for profits available to the Province – \$735.6 million.

Sales were up \$110.5 million over fiscal 1996-1997 and cost-saving initiatives decreased operating expenses by \$12.3 million.

## JOINT MESSAGE FROM THE CHAIR AND THE PRESIDENT cont.

Most games performed admirably with 58 per cent exceeding their sales objectives.

New games launched this year included INSTANT MONOPOLY® GAME, INSTANT YAHTZEE® and a new on-line game, ONTARIO 49. ONTARIO 49 is the OLC's first game in the 50-cent category and offers a \$1-million top prize.

PRO•LINE was enhanced this year by including college sports and international hockey games in its wagering lineup, while play on PICK-3 was extended from six to seven days per week.

Fiscal 1997-1998 also represented the first full year of SUPERSTAR BINGO, a game that embodies many of the values and objectives embraced by the OLC. SUPERSTAR BINGO signifies our venture outside traditional lottery games; it contains major private sector involvement; and it meets our social responsibility goal by contributing to the viability of many worthwhile charities that benefit from bingo operations. Charities receive 22.5 per cent of sales from SUPERSTAR BINGO and in fiscal 1997-1998 that translated into \$17.3 million. As of March 31, 1998, the OLC was offering SUPERSTAR BINGO through 194 bingo halls.

While our 11,099-strong retailer network naturally remains the backbone of our business, we continue to embrace other innovative, mutually beneficial opportunities when they arise. In fiscal 1997-1998, for example, we again engaged in a co-promotion with McDonald's Restaurants of Canada Limited. The campaign's success has prompted the OLC to explore co-promotion opportunities with other companies in fiscal 1998-1999.

In addition to meeting its own fiscal requirements, the OLC co-operated with the Province to help reach other government objectives.

The Corporation consulted with the Ministry of the Attorney General regarding the *Family Services and Support Arrears Enforcement Act, 1996*. Under the Act, scheduled for implementation in fiscal 1998-1999, OLC prizes of \$1,000 or more on single ticket wins will be withheld on behalf of the Province's Family Responsibility Office if the prize claimant is in arrears on family support payments.

Also, the OLC worked with the Ministry of Finance to develop a program encouraging lottery retailers to remit retail sales tax. The program was announced in the 1997 Province of Ontario budget and is set to launch in June 1998.

In the area of social responsibility, the OLC remained resolute in its belief that the gaming industry is morally obliged to help those who suffer from the negative social consequences of gaming.

The OLC is a member of the Problem Gambling Advisory Committee of the Ontario Substance Abuse Bureau that is leading in the development of a world-class compulsive gambling program for Ontario. The program will include individual treatment, research, education and creation of a research centre for problem gambling.

The OLC also conscientiously guards the excellent reputation it has earned among the Ontario public for operational integrity. We impose stringent controls and security measures on our games, limit the amount of wagering that can be accepted at a retail outlet and enforce a strict insider-win policy.

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This year the Province also passed Regulation 81/98 under the *Ontario Lottery Corporation Act* to provide a broad, updated framework allowing us to further protect the integrity of OLC operations.

We would like to thank the new board members who arrived this year and willingly took on a number of challenges, including restructuring: Dan P. La Caprara of Richmond Hill, Francine D. McMullen of Etobicoke, Richard A. Raymond of Ottawa and Bruce Reid of Mississauga. We also want to convey our sincere thanks to the OLC's Past Chairman, Dr. Frederick Griffith, whose appointment to the Board of Directors expired during fiscal 1997-1998. Dr. Griffith internalized the goals of the OLC and participated passionately in corporate activities. We wish him well in his future endeavors.

We also wish to congratulate the staff of the OLC for taking on the extra and onerous task of developing a major restructuring plan while continuing to maintain the operations of the OLC on an efficient and profitable basis for fiscal 1997-1998.

Those who did not work directly on the restructuring plan had to pick up the extra load while

others in their departments were drafted for the job. Your loyalty and professionalism are sincerely appreciated. Thanks to your zeal, the OLC is now poised for many years of prosperity.

As we approach the millennium, our Corporation faces three great challenges:

Firstly, to maximize our financial contribution to the Government and people of Ontario by adopting the most efficient structural and operational processes.

Secondly, to adapt technologically and creatively to changes in the gaming market and position ourselves for growth in an increasingly competitive environment.

And thirdly, to sustain the high level of public confidence the OLC currently enjoys with the Ontario public – particularly at a time when the gaming industry throughout the world is being subjected to intense, and sometimes hostile, scrutiny.

Thanks to the efforts of both management and staff in fiscal 1997-1998, the OLC now has the framework to meet all of those goals.



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Thomas E. Reid, Chair



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Garth Manness, President

## FINANCIAL OBJECTIVES AND COMPARISONS

*Sales were on target and \$110.5 million higher than 1996-1997.*

Increased sales and cost-savings achieved through new efficiencies significantly boosted the bottom line in fiscal 1997-1998.

Sales were on target and \$110.5 million higher than 1996-1997.

The Prizes expense was \$1.1 billion or 49.4 per cent of sales, compared to \$1.0 billion or 49.9 per cent last year. The percentage decrease was due to the revised ENCORE prize structure and reduced level of guaranteed funding needed for LOTTO SUPER 7.

While Other Direct Expenses were in line with the budget, they were \$26.7 million or 12.1 per cent higher than 1996-1997.

Continuing efforts to reduce costs saw Operating Expenses decrease \$12.3 million or 12.0 per cent from 1996-1997 and \$8.4 million or 8.6 per cent from budget.

Operating Income was on target and \$81.5 million or 11.9 per cent higher than last year.

Other Income and Expenses included a full year of payments to charitable organizations through SUPERSTAR BINGO. Accordingly, payments to charitable organizations increased \$16.8 million over 1996-1997. Overall, Other Income and Expenses was \$52.0 million compared to the budget of \$57.5 million.

Net Income at \$714.0 million was \$5.1

million better than budget and \$62.3 million better than 1996-1997.

Profits Available to the Province, at \$735.6 million, was \$63.4 million higher than 1996-1997 as savings were passed on to the Province.

REVENUE AND EXPENSES <small>Year ended March 31</small>	1997-1998 Actual		1997-1998 Objective		1996-1997 Actual	
	\$ millions	% of sales	\$ millions	% of sales	\$ millions	% of sales
Sales	2,177.2	100.0	2,177.0	100.0	2,066.7	100.0
Prizes	1,075.0	49.4	1,074.0	49.3	1,030.3	49.9
Other Direct Expenses	246.7	11.3	238.6	11.0	220.0	10.6
Contribution Margin	855.5	39.3	864.4	39.7	816.4	39.5
Operating Expenses	89.5	4.1	97.9	4.5	101.8	4.9
Operating Income*	766.0	35.2	766.5	35.2	684.6	33.1
Other Income and Expenses	52.0	2.4	57.5	2.7	32.8	1.6
Net Income	714.0	32.8	709.0	32.5	651.8	31.5
Profits Available to the Province	735.6	33.8	722.5	33.2	672.2	32.5

\* For 1996-1997 Actual, Operating Income is net of \$30 million provision for restructuring costs.

## OLC PRODUCT PERFORMANCE

*The OLC pushed sales over the \$2 billion mark for the third year in a row.*

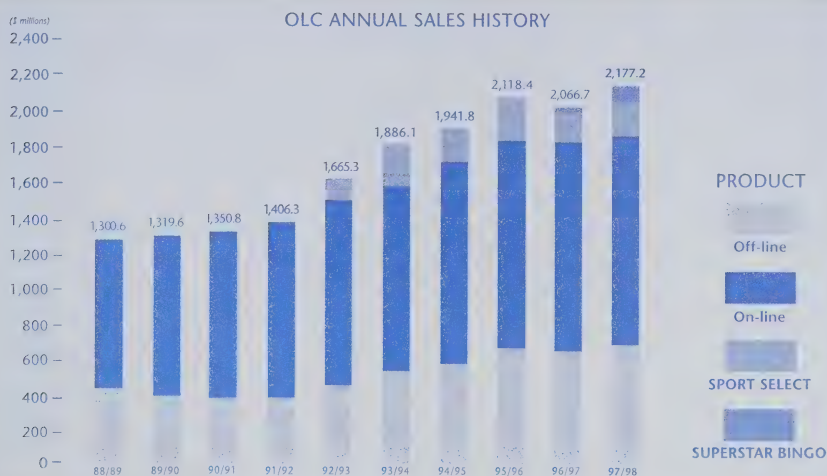
Despite having to devote significant resources to a major restructuring process in 1997-1998, the OLC pushed sales over the \$2 billion mark for the third year in a row.

On-line games operated by the OLC in fiscal 1997-1998 were LOTTO 6/49, LOTTO SUPER 7, LOTTARIO, ONTARIO 49, ENCORE, PICK-3, DAILY KENO, SUPERSTAR BINGO, OVER/UNDER, PRO•LINE and POINT SPREAD. OVER/UNDER, PRO•LINE and POINT SPREAD are SPORT SELECT games.

A total of 46 INSTANT games plus three gift packs were also placed on the market. The release

included 17 games in the \$1 category and 21 in the \$2 category. In the \$3 category, the OLC offered INSTANT BINGO, INSTANT KENO, INSTANT BATTLESHIP® and INSTANT MONOPOLY® GAME. In the \$5 category, the Corporation offered three ONTARIO INSTANT MILLIONS games. For the first time, the OLC also offered a \$12 category game, WHOLE LOTTA BINGO.

BATTLESHIP® is a registered trademark.  
Used with permission of Hasbro Canada Inc.



# OLC PRODUCT PERFORMANCE cont.

*The success of INSTANT BINGO and ONTARIO INSTANT MILLIONS, together with the release of INSTANT MONOPOLY® GAME, contributed significantly to the sales levels achieved by INSTANT products.*

**F**ifty-eight per cent of lottery games exceeded their sales objectives in 1997-1998, offsetting lower performers to keep total sales on target for the fiscal year.

A decrease in the jackpot rolls, combined with significant jackpots in LOTTO SUPER 7, dropped LOTTO 6/49 sales below expectations. However, the percentage of consumers saying "Yes" to ENCORE on LOTTO 6/49 caused its ENCORE component to exceed budget despite a decrease in LOTTO 6/49 sales.

The increased number of jackpot rollovers, including two jackpots at \$21 million, contributed significantly to the sales of LOTTO SUPER 7 which were \$101.2 million higher than budget. The game's increased activity also resulted in its ENCORE component going \$18.3 million over budget.

SALES BY CATEGORY	1997-1998	1996-1997
<small>Year ended March 31. (\$ thousands)</small>		
On-line	\$ 1,233,440	\$1,233,583
Off-line	667,668	628,739
SPORT SELECT	199,958	202,208
SUPERSTAR BINGO	76,132	2,193
<b>Total</b>	<b>\$ 2,177,198</b>	<b>\$2,066,723</b>

Despite its maturity as a product, LOTTARIO surpassed expectations, exceeding its budget by \$17.2 million with sales of \$62.2 million – only \$9.8 million below 1996-1997.

ONTARIO 49, launched in October 1997, was \$31.8 million below budget. ENCORE attached to ONTARIO 49 fared better, due to its familiarity, and was just under target at \$8.0 million in sales.

Changes to PICK-3 during the year increased player interest, resulting in sales slightly exceeding budget expectations.

The success of INSTANT BINGO and ONTARIO INSTANT MILLIONS, together with the release of INSTANT MONOPOLY® GAME, contributed significantly to the sales levels achieved by INSTANT products.

The overall performance of SPORT SELECT products was on target, with a drop in OVER/UNDER sales being absorbed by increased sales of PRO•LINE and POINT SPREAD.

After a strong performance on launch in 1996-1997, DAILY KENO sales slipped slightly this year, coming in just under target.

Fiscal 1997-1998 represented the first full year of sales for SUPERSTAR BINGO after a late March 1997 launch. Sales of \$76.1 million did not meet budget.

**SALES BY GAME**  
Year ended March 31. (\$ millions)

	1997-1998 Actual	1997-1998 Objective	1996-1997 Actual
LOTTO 6/49	655.0	793.0	798.3
ENCORE 6/49	110.7	109.0	125.7
LOTTO SUPER 7	226.2	125.0	116.5
ENCORE SUPER 7	35.3	17.0	2.8
LOTTARIO	62.2	45.0	72.0
ONTARIO 49	23.2	55.0	–
ENCORE ONTARIO 49	8.0	9.0	–
PICK-3	46.0	43.0	44.4
DAILY KENO	66.8	68.0	73.8
INSTANT	667.7	613.0	623.7
WINTARIO	–	–	5.1
PRO•LINE	141.7	133.0	144.7
OVER/UNDER	23.4	35.0	34.2
POINT SPREAD	34.9	32.0	23.3
SUPERSTAR BINGO	76.1	100.0	2.2
<b>Total</b>	<b>2,177.2</b>	<b>2,177.0</b>	<b>2,066.7</b>



# ACHIEVING OPERATING TARGETS

*At \$735.6 million, Profits Available to the Province was up 9.4 per cent, exceeding the target increase of 7.5 per cent and well above last year's 1.1 per cent increase.*

Support for lotteries continued to be strong with an acceptance level of 77 per cent among Ontario adults.

Lottery players represented a cross-section of the general adult population and there was fairly equal play across all demographic categories, with some slight variations.

A greater percentage of current lottery players are in the 35 to 54 age group (41 per cent) compared to the total population (37 per cent).

A greater percentage are male (51 per cent) compared to the total population (48 per cent).

A lesser percentage of players have some or completed university (22 per cent) as compared to the total population (26 per cent).

A greater percentage of players work full-time outside the home (56 per cent) compared to the total population (51 per cent).

Total household income is slightly higher for current lottery players (\$50,380) compared to the total population (\$50,080).

Adult per capita sales of \$248 were on target, and above last year's actual of \$240.

Adult per capita net income was on target at \$81 and well over last year's actual of \$75.

A total of 52.3 per cent of Ontario adults were players in 1997-1998 compared to 55 per cent last year.

Sales were projected to increase 5.3 per cent over last year and came in on target at \$2.177 billion. This compares to last year's decrease of 2.4 per cent.

New product sales as a percentage of sales were 3.0 per cent, compared to the target of 4.1 per cent and down from last year's actual of 7.7 per cent.

Administration and other as a percentage of Contribution Margin was down to 9.0 per cent, compared to the target of 9.7 per cent and last year's actual of 10.6 per cent.

Other Direct Expenses were very close to target at 11.3 per cent, up slightly from last year's 10.6 per cent.

The Contribution Margin of \$855.6 million was \$39.2 million more than last year and only slightly below the 39.7 per cent target at 39.3 per cent. The Contribution Margin Rate in fiscal 1996-1997 was 39.5 per cent.

At \$714.0 million, Net Income was up 9.6 per cent from last year, exceeding the 8.8 per cent target and significantly surpassing last year's actual of 0.6 per cent.

At \$735.6 million, Profits Available to the Province was up 9.4 per cent, exceeding the target increase of 7.5 per cent and well above last year's 1.1 per cent increase.

*The OLC consistently scores high when Ontario adults are asked to rate the Corporation on a number of social responsibility factors.*



**R**esearch reveals that public scrutiny of gaming increases as the market matures and gaming becomes more prolific. Cognizant that it operates in such a maturing market, the OLC continues to reinforce public confidence in its operations. Surveys have demonstrated that the public has a high level of trust in the integrity of government-operated gaming activities. The OLC consistently scores high when Ontario adults are asked to rate the Corporation on a number of social responsibility factors.

Several OLC policies and procedures contribute to this level of public confidence, including stringent security measures, an employee confidentiality oath, strict games rules and liability caps on games, and an ongoing commitment to corporate social responsibility.

To support socially responsible gaming, the OLC limits the amount of wagering that can be accepted at a retail outlet. This protects the OLC's retailer partners as well as the Corporation's own financial integrity.

Regulation 81/98 under the *Ontario Lottery Corporation Act* was approved by the Government of Ontario on February 19, 1998. Regulation 81/98 replaces Regulation 885 and provides an updated framework to protect the integrity of OLC operations.

The Corporation's ticket redemption policy requires major winners to present the winning ticket to the OLC Prize Office in person, along with proper identification. Prizes are paid only after a thorough check of the ticket and identification.

As well, the OLC continues to enforce its insider-win policy, tightened up in 1996-1997. The policy applies to all OLC employees, immediate family members, or a closely affiliated company or individual, including OLC retailers. In fiscal 1997-1998, 56 insider wins, totalling \$8.7 million in prizes, were reviewed and paid out.

To maintain the integrity of its products and processes, the OLC employs rigid standards in game security. The Corporation's business systems and its on-line games function independently of one another. On-line OLC retailers utilize code scanners to ensure game security and assist in spotting altered tickets. The latest security techniques in ticket production have also been adopted to thwart fraud in off-line games.

However, even the most exacting security standards cannot erase all attempts to defraud the Corporation. Seven fraudulent tickets were investigated in the last fiscal year and \$5.3 million in payouts were prevented. This compares with three tickets totalling \$2.0 million in prizes in 1996-1997.

In fiscal 1997-1998, the Corporation investigated 340 cases of reported lost, stolen or questionable tickets. The investigations concluded that all but one were unsupportable claims.

To combat fraud and maintain its high security standards, the OLC co-operates with security agencies across North America.

OLC policy has always prohibited sales of lottery products to minors. Last year the Province of Ontario assisted our corporate commitment by passing a law making sales to minors a provincial offence. The OLC promptly provides information to law enforcement agencies responsible for investigating such offences.

The OLC continues to build on its alliance with the charitable sector. As one of the partners in SUPERSTAR BINGO, the Provincial Bingo Charitable Activities Association shares in the profits of this game and distributes them to numerous worthwhile, charitable causes. Payments to charitable organizations reached just over \$17 million in fiscal 1997-1998.

The OLC continues to support the Ontario Substance Abuse Bureau's Problem Gambling Advisory Committee that is leading in the development of a world-class compulsive gambling program for Ontario. The program will combine individual treatment with research and education, supported through the creation of a research centre for problem gambling.

The Province confirmed a commitment made in 1996-1997 to make approximately \$10 million available for public awareness, prevention, treatment and research on all forms of problem gambling.

The OLC also fulfilled its commitment to social responsibility and public accountability under Ontario's *Public Sector Salary Disclosure Act, 1996*. The Act requires the OLC to provide the public with the names, salaries and taxable benefits of all employees who earned \$100,000 or more in salary (excluding benefits) during the fiscal year. The list (with salary and benefits respectively) is as follows:

Garth K. Manness, President, \$133,968.77, \$33,872.02; Earl T. Dalton, Vice President Finance and Administration, \$122,431.81, \$8,085.23; Thomas A. Dawley, Vice President Marketing, Research and Development, \$123,514.26, \$7,768.73; Walter Fioravanti, Vice President Corporate Services, \$114,571.07, \$7,625.71; Diane R. Gartshore, SUPERSTAR BINGO Team Leader, \$100,861.39, \$238.52; Paul R. Hawn, Vice President Human Resources, \$103,660.21, \$7,514.84; Reg St-Amour, Vice President Information Systems and Transition, \$118,816.18, \$6,489.45; Josephine Stewart, Vice President Corporate Communications, \$104,146.85, \$7,903.08; George Sweny, Vice President Sales and Business Units, \$113,338.45, \$6,576.26. Members of the OLC Board of Directors received per diems totalling \$63,100 in 1997-1998.

## *Retailer partners receive a multitude of sales and service supports from the OLC.*

**T**he OLC's commitment to working closely with the private sector in delivering products and services is exemplified by the Corporation's strong retailer network. Of 11,099 retailers, 7,644 provided on-line and SPORT SELECT service in 1997-1998, while 3,455 offered only off-line tickets.

Retailer partners receive a multitude of sales and service supports from the OLC, such as retailer training and access to Hotline technical assistance. Terminal wagering limits help our on-line and SPORT SELECT retailers protect themselves against fraud. The OLC supports retailers' sales efforts through selected promotional campaigns which may include mass media advertising as well as in-store promotional material. Retailer contests and incentive programs are also held regularly to maintain enthusiasm and reward initiative.

The OLC also works with major corporate retail partners in providing customer service and testing new distribution channels.

In fiscal 1997-1998, the OLC announced the discontinuation of INSTANT Ticket Vending Machines, used to sell INSTANT lottery tickets.

Subscription Services continues to be a valuable distribution channel preferred by almost 80,000 of our customers in 1997-1998.

The first full year of SUPERSTAR BINGO gave the OLC the opportunity to work with its bingo hall partners. As of March 31, 1998, the OLC offered SUPERSTAR BINGO through 194 bingo halls.

Approximately 59 per cent of Ontarians who play bingo have also played SUPERSTAR BINGO.

Maintaining its practice of providing direct, speedy, value-added services to its customers, the

OLC dealt with 168,330 customer service inquiries in fiscal 1997-1998 and served more than 11 million callers through its WIN! Line – an automated interactive lottery information telephone line.

A key development in 1997-1998 was the creation of a new retailer strategy, designed to improve profitability and ensure fairness in access to our retail outlets.

Of the 3,455 retailers that offer only off-line tickets, most are interested in receiving an on-line terminal. The OLC receives a limited number of terminals back each year because of business changes such as store closures. In total, the OLC allocated 325 on-line terminals in 1997-1998.

Effective April 1, 1997, retailers could qualify for an on-line terminal under one of three categories. The Integrated category represents 95 per cent of OLC on-line terminals. To determine eligibility for this first category, the OLC generates a quarterly list of INSTANT sales for individual retailers province-wide. The retailers with the highest sales levels are identified for possible terminal allocation.

The OLC created its Community Service category to ensure that its products are also available in rural and remote areas of Ontario. This second category is for retailers in communities that are 25 kilometres from the nearest on-line terminal and have an adult population of over 500 people.

The OLC also maintains a Business Development category to permit the Corporation to allocate a small number of terminals each year to locations with high volume sales potential (over \$4,300 per week).



## WORKING WITH THE PRIVATE SECTOR

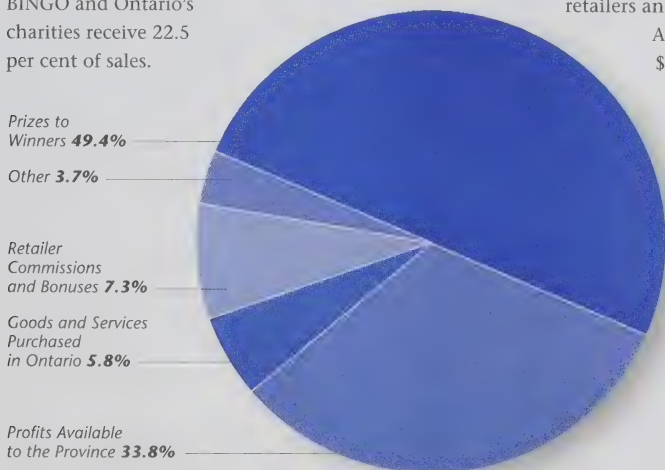
The OLC continued to seek greater efficiencies by working closely with the private sector in fiscal 1997-1998.

The Corporation's partnerships with independent business retailers and with major corporate accounts form a key component in this strategy.

The OLC also outsources certain functions to achieve cost-effectiveness including advertising, software development, terminal maintenance, and ticket printing and production.

The Corporation once again engaged in a co-promotion with McDonald's Restaurants of Canada Limited. The project's success has prompted the OLC to explore opportunities for co-promotion with other companies in fiscal 1998-1999.

The first full year of SUPERSTAR BINGO took place in fiscal 1997-1998. The OLC's partnership with bingo hall operators and suppliers has helped revitalize the bingo sector and bring new funding to the charitable sector. Bingo hall operators receive 12.5 per cent of gross sales from SUPERSTAR BINGO and Ontario's charities receive 22.5 per cent of sales.



In fiscal 1997-1998, 96.3 per cent of the OLC's sales revenue was returned to the Ontario economy in the form of prizes, commissions, purchase of goods and services, and profits to the Provincial Government. About half of the revenue – \$1.075 billion or 49.4 per cent – was awarded as prizes to winners. This year, 1,323 major winners won \$10,000 or more, taking home a combined total of more than \$294 million – much of which was re-invested by them in the purchase of goods and services in the private sector.

In addition, the OLC spent \$125.7 million or 5.8 per cent of its revenue on purchasing goods and services in Ontario. This included on-line terminal maintenance, advertising and promotion, ticket supplies, salaries and benefits, administrative expenditures, software purchases and development, and equipment purchases, leases and maintenance. A further \$158.8 million or 7.3 per cent of revenue was dispersed as bonuses and commissions among the OLC's 11,099 lottery retailers and 194 bingo hall operators.

Also 3.7 per cent of cash sales or \$82.2 million consisted primarily of payments to the Government of Canada, payments to charitable organizations, and purchases of goods and services outside Ontario.

The OLC generated \$735.6 million – or 33.8 per cent of its revenue – for the Consolidated Revenue Fund of the Province of Ontario in this fiscal year.

# TRANSITION

*This more innovative and efficient OLC operation will enhance services to retail and strategically poise the Corporation for growth in a highly competitive gaming environment.*

**MAY 1997:** OLC introduces a transition model to facilitate the change process during the period of transition. This model includes an interim structure, severance plan, discretionary leave options, career planning and skills training.

**JULY 9, 1997:** Following the Role and Mandate Review by the Ministry of Economic Development, Trade and Tourism, OLC Board Chairman Tom Reid announces a restructuring of the OLC to streamline operations and introduce greater involvement of the private sector in the delivery of lottery services. A cost-savings target of \$50 million is set.

**JULY TO NOVEMBER 1997:** An internally driven Business Plan is developed. Redesign initiatives are developed to assess what is required to run the business and attain our goals. All areas of the Corporation are reviewed. The internal assessment identifies improved ways of conducting business and realizing efficiencies in both process time and costs. It also reviews what activities are critical and required to be retained in-house.

**NOVEMBER 14, 1997:** OLC delivers a Business Plan to the Government of Ontario.

**FEBRUARY 24, 1998:** OLC announces government approval of the Business Plan for restructuring with cost savings of \$58 million, final staffing levels to be determined, and OLC corporate office to remain in Sault Ste. Marie.

Savings will result from consolidation of six regional business centres, introduction of automated sales and distribution processes, and other new efficiencies.

Ticket printing costs will be reduced due to changes in product mix and print production processes.

Retail and consumer service centres will be consolidated into one contact centre. This will improve service to all OLC customers through longer service hours and the elimination of duplication.

Automated sales and distribution processes will be introduced, facilitating automatic ordering and electronic ticket activation. These will enhance service to retailers through improved inventory management capabilities, ticket security and improved cash flow.

The cost of Information Technology (IT) infrastructure will be reduced and a new computer technology introduced to bring down the costs of data centre hardware, software and maintenance. All OLC business processes will be streamlined.

This more innovative and efficient OLC operation will enhance services to retail and strategically poise the Corporation for growth in a highly competitive gaming environment.

# THE ONTARIO GAMING INDUSTRY

*Growth in the gaming sector has created corresponding growth in related infrastructure.*

The gaming industry in Ontario has seen steady growth since changes to the *Criminal Code of Canada* that legalized gaming in 1969. This growth has accelerated in the 1990s as the Ontario Government introduced commercial casinos in Windsor, Orillia (Casino Rama) and Niagara Falls, as well as allowing the expansion of gaming in the charitable sector. During 1997-1998, plans for charity casinos and additional gaming opportunities at racetracks were also being developed.

Growth in the gaming sector has created corresponding growth in related infrastructure.

Today, the Ontario gaming industry includes the following organizations in either an operating or regulatory role: Ontario Lottery Corporation, Ontario Casino Corporation, Alcohol and Gaming Commission of Ontario, and the Ontario Racing Commission. Each of these organizations is responsible for different aspects of gaming in Ontario.

## RESEARCH AND DEVELOPMENT UPDATE

*New initiatives will be assessed carefully to ensure a clear understanding of impacts on, and opportunities for, other market participants.*

As a result of corporate restructuring, the OLC has refocused its Research and Development function. This area will direct strategic planning for the OLC, providing a mechanism for both decision-making and resource planning in new product development.

The new focus will combine the generation of new-product concepts with product marketing

and research. Concepts will be prioritized based on the OLC's strategic goals to determine which projects should proceed to development.

In addition, new initiatives will be assessed carefully to ensure a clear understanding of impacts on, and opportunities for, other market participants.

# FINANCIAL OBJECTIVES 1998-1999

## KEY FINANCIAL OBJECTIVES FOR 1998-1999

	1997-1998 Actual		1998-1999 Objective	
	\$ millions	% of sales	\$ millions	% of sales
Sales	2,177.2	100.0	2,305.0	100.0
Prizes	1,075.0	49.4	1,161.2	50.4
Other Direct Expenses	246.7	11.3	258.1	11.2
Contribution Margin	855.5	39.3	885.7	38.4
Operating Expenses	89.5	4.1	83.0	3.6
Operating Income	766.0	35.2	802.7	34.8
Other Income and Expenses	52.0	2.4	58.6	2.5
Net Income	714.0	32.8	744.1	32.3
Profits Available to the Province	735.6	33.8	758.0	32.9

Note: 1998-1999 Objectives do not include Charity Casino or slot machines at racetracks activity.

## 10-YEAR REVIEW

(£ millions)	1988-1989	1989-1990	1990-1991	1991-1992	1992-1993	1993-1994	1994-1995	1995-1996	1996-1997	1997-1998
Sales	1,300.6	1,319.6	1,350.8	1,406.3	1,665.3	1,886.1	1,941.8	2,118.4	2,066.7	2,177.2
Prizes	608.3	619.4	639.9	674.2	808.8	941.5	958.1	1,087.2	1,030.3	1,075.0
Net Income*	484.1	491.8	468.1	460.3	569.7	602.5	626.6	648.2	651.8	714.0
Number of Games	7	8	9	9	9	9	10	10	12	12

\*Net Income for 1991-1992 (and subsequent fiscal years) reflects the change in accounting policy to capitalize fixed assets on acquisition. Prior periods have not been adjusted as the information is not readily available.



## OLC MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING AND INTERNAL CONTROL

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The Ontario Lottery Corporation's financial statements are the responsibility of management and have been prepared in accordance with generally accepted accounting principles. The preparation of the financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current period cannot be finalized with certainty until future periods. The financial information throughout the text of this *Annual Report* is consistent with the information presented in the financial statements.

In meeting its responsibility for the reliability and timeliness of financial information, management has developed and maintains comprehensive internal accounting, operating and systems controls. These controls are designed to safeguard the Corporation's assets and maintain accountability for their use, and ensure compliance with regulatory requirements.

An internal audit function independently evaluates the effectiveness of these controls on an ongoing basis and reports its findings to management and the Audit committee of the Board of Directors. In addition, the Corporation employs external consultants who advise both management and the Board of Directors on the reliability and integrity of the Corporation's gaming and gaming support systems.

The Board of Directors oversees management's responsibilities for financial reporting and internal control through the Audit committee. This committee reviews with management and the Provincial Auditor the content and format of the Corporation's financial statements and the adequacy of the Corporation's internal control before recommending approval to the Board of Directors.

The financial statements have been audited by the Provincial Auditor who was appointed pursuant to the *Ontario Lottery Corporation Act*. The Auditor's Report, which follows, outlines the scope of the Provincial Auditor's examination and opinion.

The Provincial Auditor, the Corporation's internal auditor and the external consultants reviewing our gaming systems have full and free access to the Audit committee to discuss their audits and related findings.

The Board of Directors, based upon the recommendations of the Audit committee, has reviewed and approved the financial statements for the fiscal year ended March 31, 1998.



Garth Manness, President



Tom Dalton, Vice President  
Finance and Administration

## AUDITOR'S REPORT

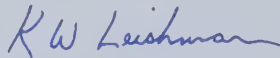
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### **To the Board of Directors of the Ontario Lottery Corporation and to the Chair of Management Board of Cabinet**

I have audited the balance sheet of the Ontario Lottery Corporation as at March 31, 1998 and the statements of operations, changes in financial position, changes in due from Province of Ontario and equity in capital assets for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1998 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles.



Toronto, Ontario  
May 15, 1998

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K.W. Leishman, CA  
Assistant Provincial Auditor

Office of the  
Provincial Auditor  
of Ontario



Bureau du  
vérificateur provincial  
de l'Ontario

## BALANCE SHEET

as at March 31, 1998  
(in thousands of dollars)

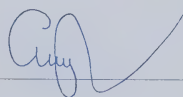
	1998	1997
<b>Assets</b>		
Cash	<b>3,582</b>	–
Prize funds on deposit	<b>68,410</b>	75,177
Due from Interprovincial Lottery Corporation	<b>2,439</b>	7,067
Accrued interest	<b>251</b>	938
Accounts receivable	<b>21,367</b>	30,688
Due from Province of Ontario	<b>44,835</b>	43,443
Prepaid expenses	<b>13,327</b>	9,102
Capital assets (note 3)	<b>49,449</b>	71,033
	<b>203,660</b>	237,448
<b>Liabilities and Equity</b>		
Bank overdraft	–	336
Accounts payable and accrued liabilities (note 4)	<b>71,712</b>	74,248
Prize money unclaimed	<b>68,410</b>	75,177
Due to Government of Canada	<b>2,217</b>	7,105
Deferred income	<b>11,872</b>	9,549
Equity in capital assets	<b>49,449</b>	71,033
	<b>203,660</b>	237,448

Commitments (note 5)

On behalf of the Board:



Director



Director

See accompanying notes to financial statements.

## STATEMENT OF OPERATIONS

for the year ended March 31, 1998  
(in thousands of dollars)

	1998	1997
<b>Sales</b>	<b>2,177,198</b>	2,066,723
<b>Direct expenses</b>		
Prizes	1,074,950	1,030,347
Commissions	158,829	140,657
Brand marketing	27,781	25,064
Ticket printing and terminal operation	50,050	43,841
Depreciation – direct	10,029	10,477
	<b>1,321,639</b>	1,250,386
<b>Sales less direct expenses</b>	<b>855,559</b>	816,337
<b>Operating expenses</b>		
Administration and other	76,883	86,824
Depreciation – indirect	12,611	14,930
	<b>89,494</b>	101,754
<b>Income from operations before restructuring costs</b>	<b>766,065</b>	714,583
Provision for restructuring costs	–	30,016
<b>Income from operations</b>	<b>766,065</b>	684,567
Other income (expense):		
Interest income	3,268	4,242
Payments to charitable organizations (note 7)	(17,320)	(494)
Payments to Government of Canada (note 8)	(37,989)	(36,558)
	<b>(52,041)</b>	(32,810)
<b>Net income</b>	<b>714,024</b>	651,757

See accompanying notes to financial statements.



## STATEMENT OF CHANGES IN FINANCIAL POSITION

*for the year ended March 31, 1998  
(in thousands of dollars)*

	1998	1997
Cash derived from (applied to)		
Operating activities:		
Net income	714,024	651,757
Depreciation	22,640	25,407
	<u>736,664</u>	<u>677,164</u>
Change in non-cash operating items:		
Due from Interprovincial Lottery Corporation	4,628	(9,231)
Accrued interest	687	(31)
Accounts receivable	9,321	(12,234)
Prepaid expenses	(4,225)	4,930
Accounts payable and accrued liabilities	(2,536)	19,845
Due to Government of Canada	(4,888)	4,858
Deferred income	2,323	1,693
	<u>5,310</u>	<u>9,830</u>
	<u>741,974</u>	<u>686,994</u>
Financing and investing activities:		
Payments to Province of Ontario	(737,000)	(712,000)
Capital expenditures	(1,056)	(4,924)
	<u>(738,056)</u>	<u>(716,924)</u>
Net increase (decrease) in cash	3,918	(29,930)
Cash (Bank overdraft), beginning of year	(336)	29,594
<b>Cash (Bank overdraft), end of year</b>	<u><b>3,582</b></u>	<u><b>(336)</b></u>

*See accompanying notes to financial statements.*

## STATEMENT OF CHANGES IN DUE FROM PROVINCE OF ONTARIO

*for the year ended March 31, 1998  
(in thousands of dollars)*

	1998	1997
Net income	<b>714,024</b>	651,757
Add (deduct):		
Depreciation	<b>22,640</b>	25,407
Capital expenditures	<b>(1,056)</b>	(4,924)
	<b>21,584</b>	20,483
Current year amount due	<b>735,608</b>	672,240
Payments to Province of Ontario	<b>737,000</b>	712,000
Payments in excess of amount due	<b>1,392</b>	39,760
Due from Province of Ontario, beginning of year	<b>43,443</b>	3,683
<b>Due from Province of Ontario, end of year</b>	<b>44,835</b>	43,443

*See accompanying notes to financial statements.*

## STATEMENT OF EQUITY IN CAPITAL ASSETS

*for the year ended March 31, 1998  
(in thousands of dollars)*

	1998	1997
Balance, beginning of year	<b>71,033</b>	91,516
Add: Capital expenditures	<b>1,056</b>	4,924
Deduct: Depreciation	<b>22,640</b>	25,407
<b>Balance, end of year</b>	<b>49,449</b>	71,033

*See accompanying notes to financial statements.*

## NOTES TO FINANCIAL STATEMENTS

March 31, 1998

**1. Nature of the Corporation**

The Ontario Lottery Corporation was incorporated without share capital on February 6, 1975 pursuant to the *Ontario Lottery Corporation Act* (OLCA). The Corporation is responsible for the conduct and management of lottery games in Ontario. The WINTARIO, LOTTARIO, INSTANT, ENCORE, PICK-3, DAILY KENO, ONTARIO 49, PRO•LINE, OVER/UNDER and POINT SPREAD lotteries are conducted solely by the Corporation, whereas, the LOTTO SUPER 7 and LOTTO 6/49 lotteries are joint undertakings by all Provinces acting through the Interprovincial Lottery Corporation. The SUPERSTAR BINGO game is conducted and managed by the Corporation in conjunction with private and charitable organizations in Ontario.

Further to an announcement by the Government of Ontario on April 9, 1998, the video lottery terminal program was cancelled. The Government of Ontario assigned the conduct and management of charity casinos and of the slot machine program at racetracks to the Ontario Lottery Corporation.

**2. Significant Accounting Policies****(a) Basis of Accounting**

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles.

**(b) Capital Assets**

Major capital expenditures with a future useful life beyond the current year are capitalized at cost and are depreciated on a straight-line basis according to their estimated useful lives, as follows:

Building	25 years
Furniture and fixtures	10 years
Leasehold improvements	5 years
Automotive	3 years
Merchandising equipment	3 years
Wagering terminals	7 years
Computer hardware	3 years
On-line system	5 years
System software	3 years

**(c) Prize Money Unclaimed**

Pursuant to Regulations of the OLCA, unclaimed prize money from lotteries conducted solely by the Corporation is reserved and redistributed to the players through prizes and bonus draws.

**(d) Revenue Recognition**

Revenues for LOTTARIO, ENCORE, PICK-3, DAILY KENO, ONTARIO 49, LOTTO SUPER 7 and LOTTO 6/49 are deferred on ticket sales and recognized when the draw takes place. For PRO•LINE, OVER/UNDER, POINT SPREAD and SUPERSTAR BINGO, revenues are recognized when the ticket is sold to the consumer. Revenues for WINTARIO and INSTANT games are recognized when the ticket is distributed to the retailer. Tickets issued as a result of the redemption of free ticket prizes are not recorded as sales.

## NOTES TO FINANCIAL STATEMENTS

March 31, 1998

**3. Capital Assets (in thousands of dollars)**

	1998			1997
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	260	—	260	260
Building	1,289	582	707	759
Furniture and fixtures	9,783	6,081	3,702	4,642
Leasehold improvements	2,614	2,296	318	101
Automotive	625	625	—	—
Merchandising equipment	7,465	7,014	451	1,226
Wagering terminals	65,924	42,900	23,024	32,552
Computer hardware	44,260	39,510	4,750	7,590
On-line system	35,181	19,855	15,326	22,870
System software	3,362	2,451	911	1,033
	<b>170,763</b>	<b>121,314</b>	<b>49,449</b>	<b>71,033</b>

**4. Provision for Restructuring Costs**

The Corporation has provided for restructuring costs as required by the Role and Mandate Review conducted by the Ministry of Economic Development, Trade and Tourism. The estimated cost of the restructuring program consists primarily of employee severance, consulting costs, contract termination costs and costs associated with the restructuring initiatives.

At March 31, 1998, \$26,346,000 (1997 – \$30,016,000) is included in Accounts payable and accrued liabilities in the Balance Sheet.

**5. Commitments**

The Corporation has entered into several office space leases in various locations in Ontario. The future minimum lease payments are approximately as follows:

1999	\$4,151,000
2000	4,136,000
2001	4,100,000
2002	3,821,000
2003	3,263,000
	19,471,000
Thereafter	26,033,000
	<b>\$45,504,000</b>



## NOTES TO FINANCIAL STATEMENTS

March 31, 1998

The Corporation has purchase agreements with suppliers for ticket printing services and on-line supplies until March 31, 1999 for amounts up to \$11,000,000. In addition, the Corporation has computer hardware and maintenance agreements with annual payments for each of the next three years approximately as follows:

1999	\$6,009,000
2000	1,843,000
2001	290,000

## 6. Pension Plan

The Corporation provides pension benefits for its permanent employees through participation in the Public Service Pension Fund established by the Province of Ontario. The Corporation's share of contributions to the Fund during the year was \$3,388,000 (1997 – \$2,474,000) and is included in Administration and other in the Statement of Operations. This amount includes current contributions and additional payments required to cover the Corporation's share of the Fund's estimated unfunded liabilities.

## 7. Payments to Charitable Organizations

Payments to charitable organizations are made under an agreement dated November 8, 1996 made between the OLC, the Provincial Bingo Charitable Activities Association and the Registered Gaming Suppliers of Ontario. The agreement stipulates that a distribution of sales be made to the charitable organizations participating in the SUPERSTAR BINGO game.

## 8. Payments to Government of Canada

The Corporation made the following payments to the Government of Canada (in thousands of dollars):

	1998	1997
Payment on behalf of the Province of Ontario	<b>19,956</b>	19,600
Goods and Services Tax	<b>18,033</b>	16,958
	<b>37,989</b>	36,558

### (a) Payment on behalf of the Province of Ontario

The provincial lottery corporations make remittances to the Government of Canada under an agreement dated August 1979 made between the Provincial Governments and the Federal Government. The agreement stipulates that the Government of Canada will not participate in the sale of lottery tickets.

### (b) Goods and Services Tax

Goods and Services Tax (GST) payments are made in accordance with a letter of interpretation issued by Revenue Canada to the various lottery jurisdictions in Canada whereby each provincial lottery corporation remits taxes under a specific formula on all expenditures, including retailer commissions and excluding payroll costs and payments to charitable organizations. This tax is in lieu of the collection of GST on lottery ticket sales to the consumer.

In addition, the Corporation also pays GST on its expenditures, excluding payroll costs and retailer commissions, at point of purchase. These payments are not recoverable and are included in the respective accounts.

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(June 12, 1996 – March 31, 1999)

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(May 15, 1996 – March 31, 1999)

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(April 27, 1995 – March 31, 2001)

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Vice President,  
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Information Technology

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Sales and Business Units





Ontario Lottery Corporation  
Société des loteries de l'Ontario

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